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LABOR AND
RECONSTRUCTION
IN EUROPE

ELISHA M. FRIEDMAN

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LABOR AND RECONSTRUCTION
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BY

ELISHA M. FRIEDMAN

EDITOR, AMERICAN PROBLEMS OF RECONSTRUCTION
FORMERLY STATISTICIAN, EUGENE MEYER JR. & CO., NEW YORK



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TO MY PARENTS

*this fruit
of their sacrifices
is dedicated*

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INTRODUCTION

By WILLIAM B. WILSON

Secretary of Labor

One of the most far-reaching results of the war from the viewpoint of social, economic and political development is the realization that has come to labor of its rights and responsibilities in the structure of government.

The modern struggle for Democracy began with the demand of the nobles for the right to share with the king the privileges and responsibilities of government. That was followed by the middle or commercial classes insisting upon the same privilege. Later the workers demanded a voice in the affairs of state. By the middle of last century the people of the United States had achieved almost universal manhood suffrage. Since then those intrusted with the affairs of government have been responsible to all of the people for their acts rather than to any one group. But the change came so gradually and with so little of upheaval and conflict that it took the dangers and duties of a great world war to bring home to the masses of the people a full realization that they are the real power and final authority in a Democracy.

Most of the countries of Europe were in the second stage of this development until the revolutionary forces upset the established order and gave to the workers a voice in their respective governments. In many of these countries the power is a new one. It is a very natural desire in the exercise of this new power to secure all of the benefits and assume none of the responsibilities until the lessons of experience demonstrate that after all material power is not the only thing to be striven for and that he serves himself and country best who serves mankind.

With the new knowledge of its power labor will not be content to return again to the system under which it was treated as a commodity to be used when wanted and cast aside in periods of industrial depression to live upon the reserves that should be held for the proverbial rainy day or suffer the pangs of privation.

It will insist that every man shall have the opportunity to earn a living on a basis that will enable him to enjoy the higher things of life rather than simply the means of maintaining a physical existence.

The great value of a work of this kind is that it brings together, in consecutive order, a vast amount of useful information at an opportune time, when those who most desire to avail themselves of it would be too busy to assemble it themselves.

There is another value, and perhaps the greatest of all, in books like this, put forth at such a time of storm and stress in the world. *They induce deliberative thought*, and this has always been the most potent factor of right reason in the progress of mankind.

LABOR AND RECONSTRUCTION
IN EUROPE

FOREWORD

The war is over. Steel was the strait-jacket as well as the shield of democracy in the struggle. The exigencies of the conflict demanded unquestioning acceptance of abnormal economic conditions. Peace has brought freedom, indeed—freedom from war-time restraints, and also freedom to renew the perennial struggle which prevails among the balancing forces in society.

Whether the struggle—symbol of life—is to make for the furtherance of the accepted ideals of justice, of freedom of opportunity, of social responsibility depends upon an adequate understanding of the situation by those who lead or follow in the fight. The aim of this book is to contribute to such an understanding. It advocates no policy. It sponsors no scheme. It deals with facts. It attempts to present to the American manufacturer and laborer the bold outline of the labor situation in Europe.

The labor problem is admittedly the gravest of the social and economic problems that are coming to a climax which the new generation will have to meet. The problem at bottom is an intellectual one. From understanding proceed sympathy and conciliation. Frightful as the world struggle has been, it becomes infinitely more so if society will not benefit by its lessons. Power has fled before righteousness, dominion before freedom, and empiricism before science. The war will have been paid for if thereby the more threatening industrial war is averted. To solve the labor problem requires a desire to deal justly and a knowledge of the mechanics of industrial democracy.

America requires, in addition, a knowledge of the nature of the industrial ailments from which European countries have suffered and of the successful methods that have been developed in those countries to mitigate such ailments. In the victory internationalism triumphed over parochialism. America has been drawn out of her isolation politically and culturally. The world is a-ferment with an international concept—the league of na-

tions, sponsored by our President. In the affairs of nations America will be either a bewildered spectator or a conscious director, depending upon the prevalence in America of the international mind.

We must learn to appreciate the significance of labor currents in Europe. England lagged after Germany in her social legislation, and the United States ran a "bad third" behind England. The reason is not far to seek. Industrial tradition is oldest in England. There the industrial revolution originated. British coal, British iron, and Watt's steam engine were its precursors. America has only recently become an industrialized state. A dense urban population in Britain that has no hinterland to take up the slack in unemployment suffers acutely from all the attendant evils. In America the farms have been the reservoir of labor, and emigration its safety valve. In England you have a homogeneous labor element, all speaking a common tongue and thinking common thoughts. American labor is as polyglot as the builders in Babel and as variegated as the cultural heritages of the immigrant groups. Again, a school of economists is teaching and leading the English workmen. America has no Sidney Webb, no Cole, no Henderson. Further, the Briton has a political bent which enables him to develop the institutions that will meet his economic needs. America is encumbered by a written Constitution, which checks free political development.

Germany's rapid advance in social legislation is due to the fact that her industrial scheme was organized after the unification of the Empire. She was then able to incorporate the best elements developed in Great Britain. With a docile people under centralized leadership and with a scientific conception linked to a socialized organization, she soon overtook and led her teacher.

The United States is the latest of the three to become industrialized. The process was merely accelerated during the war, when thousands were drawn from the land to the munitions works. We cannot avoid the evils of industrialism. We must with discernment cull the best that foreign labor programs offer. We may not have had the benefit of a reconstruction ministry, as in England, or of a commission of transition economy, as in Germany. But in a sense the fruits of their labors are ours. European

programs of reconstruction afford a guide to our own country. It is the aim of this book to present them.

The work was carried on largely in spare hours of the evenings and week-ends. The text was dictated chiefly in the spring of 1918. No doubt the critic will see evidences of hasty execution. However, the only alternative was to have left the field vacant, for not a single attempt has been made in the United States to present in a unified way the material collected in this volume. Quotations are given rather than the author's version, so as to preserve the original point of view.

Again the author acknowledges a debt of gratitude to Dr. Leo Wolman, of Johns Hopkins University, Dr. Walton H. Hamilton, of the War Labor Policies Board, Mr. B. V. Cohen, of counsel, United States Shipping Board, and particularly to Mr. W. Jett Lauck, Secretary of the National War Labor Board, for their suggestions. Miss Laura A. Thompson, librarian of the United States Department of Labor, has been of aid in extending the facilities of the Department library, from which much of the material here presented has been gathered. Mr. Bernard H. Lane, of the United States Geological Survey, has read the proof with great care.

E. M. F.

Cosmos Club,
Washington, D. C.
January 25, 1919.

LABOR AND RECONSTRUCTION IN EUROPE

CHAPTER I

RECONSTRUCTION COMMISSIONS IN FOREIGN COUNTRIES

It is only by studying the steps taken by the various countries, belligerent or neutral, on all the continents that we, in the United States, can properly understand the meaning of reconstruction.

FRANCE ¹

France was the first country to make any provision for the after-war period. It was because her territories were devastated that her statesmen were compelled to cope with the problems of rehabilitation. On May 18, 1916, the President of the French Republic created an interministerial committee to aid in the reconstruction of the invaded regions. About a year later, this commission was reorganized by a Presidential Order. It includes the Ministers of the Interior, of Public Works and Transportation, of Agriculture, of Labor and Social Prophylaxis, and of War and Munitions, as well as the under-secretaries of the General Administration of the Army and of Commerce, Industry, Posts, and Telegraphs.

In August, 1917, a law was passed to open an agricultural credit of three hundred million francs for the purpose of purchasing draft animals, cattle, seed, grain, plants, and other material urgently needed for the resumption of agricultural life in the devastated departments of the North. A similar measure was enacted to aid the merchants in the invaded regions in purchasing the raw materials and tools needed for the restoration of industry.

¹ *Bulletin de Statistique et de Législation Comparée*, August, September, October, 1917.

On September 25, 1917, by Presidential Order, the Ministry of Public Works and Transportation was constituted as a special committee charged with studying the means needed to rebuild dwellings and to restore real property that had been damaged or destroyed by the invaders. This committee includes representatives of the various cabinet departments and of their bureaus. Its duties are to conduct investigations, to control building materials, to find manual labor and means of transportation, and to prepare the necessary plans.

In a letter to the President dated October 1, 1917, the Minister of Finance pointed out that although installments had been paid to the war sufferers to apply on the contemplated reimbursement for the damage inflicted on them, this measure was inadequate to revive economic activity. He therefore recommended the establishment of a commission to study the means of organizing credit so as to facilitate the restoration of industry and agriculture. Shortly thereafter (October 17) the President appointed such a commission under the presidency of the Minister of Finance and including representatives of the several ministries, economists, engineers, bankers, and members of chambers of commerce and of agricultural and industrial associations.

GERMANY ²

Reconstruction in its wider aspects was taken up in Germany officially in August, 1916. On the 3d of that month the Bundesrat issued a decree nominating an Imperial Commission for Economic Transition (Reichscommissariat für Übergangswirtschaft). This law specifically empowered the Commission to control the importation and distribution of merchandise. The Commission was to be aided by the officials of the Empire, representatives of the Federal States, and a number of specialists. The duties of the Commission, according to an address of the Finance Minister,³ were to bring the soldiers back to civil life, to care for the disabled and provide suitable work for them,

² Vorwaerts, Aug. 9, 1917; *Deutsche Tageszeitung*, Aug. 31, 1917; *Bulletin de Statistique et de Législation Comparée*, October, 1917, pp. 656-657; *Board of Trade Journal*, Jan. 31, 1918; *Vossische Zeitung*, Feb. 7, 1918; *Norddeutsche Allgemeine Zeitung*, Feb. 19, 1918.

³ Helfferich, at a meeting of the Reichstag Committee on Trade and Commerce, October 14, 1916.

to eliminate women and children from the labor market, and to restore protective labor laws. Its additional tasks were to study the raw material and shipping situation, to establish credits based on real and personal property, to revive trade, to deflate the currency, and to make liquid the capital tied up in war loans.

The Commission consists of nine departments, covering (1) finance; (2) transportation; (3) iron ores, timber, paper, and stone; (4) the nonferrous metals, graphite, and clay; (5) textiles, with subdepartments for cotton, wool, flax, and textile substitutes, etc.; (6) food, feeds, and meats; (7) overseas imports, as rubber, tobacco, sausage skins, oils and fats, hides and leathers; (8) overland imports; (9) the general organization of transition economy, priority, rationing, demobilization, and general economic and legal questions. There are also two special departments covering statistics and administration. To aid the Commission in its work, the Bundesrat also formed a Transition Economy Parliament, an advisory council of over 250 members, divided into 21 subcommittees and including some of the leading financiers and manufacturers.

On October 21, 1917, the Imperial Ministry of Economics (Reichswirtschaftsamt) was created to deal with problems of reconstruction. This new Ministry, whose purpose was to unify the divers measures already undertaken, took over that part of the duties of the Ministry of the Interior which dealt with social and economic problems and absorbed the Imperial Commission for Transition Economy. The Ministry of Economics has under its jurisdiction policies affecting industry, taxation, statistics, bourses and banks, tariffs, treaties, foreign trade, and social legislation. Its main tasks are at present to find a supply of raw material and foodstuffs, to supply and distribute ocean tonnage, to improve the rate of exchange, and in general to facilitate the transition from a war régime to that of peace. It is divided into two main sections, one dealing with commercial and economic questions and the other with domestic social policy. The former is divided into three subsections—one dealing with agriculture, manufacturing, and banking, which are further classified by industries, and with compulsory amalgamation of industry, taxation, and related subjects; another dealing with navigation, water power, fisheries, etc.; and a third dealing with economic in-

telligence and information, exhibitions, publications, propaganda, and chambers of commerce abroad.

GREAT BRITAIN

Late in 1916 the British Board of Trade appointed committees in the various trades "to consider their position after the war, with special reference to international competition, and to report such measures as might be necessary to safeguard those positions."

After vigorous appeals by influential Englishmen like Sidney Webb and Lord Parker of Waddington, and largely as a result of the study of the progress of preparations for peace made in other countries, Great Britain on August 21, 1917, established a Ministry of Reconstruction, "to promote organization and development after the termination of the war."⁴ The act of Parliament provided that "it shall be the duty of the Minister of Reconstruction to consider and advise upon the problems which may arise out of the present war and may have to be dealt with upon its termination, and for the purposes aforesaid to institute and conduct such inquiries, prepare such schemes, and make such recommendations as he thinks fit." The act also required that "the Minister present a report to Parliament each year of such of the schemes prepared and recommendations made by him as he shall deem suitable for publication."

Shortly after its organization the Ministry published a list of its committees and commissions, 87 in all, classified into the following 15 groups:⁵

- (1) Trade development.
- (2) Finance.
- (3) Raw materials.
- (4) Coal and power.
- (5) Intelligence.
- (6) Scientific and industrial research.
- (7) Demobilization and disposal of stores.
- (8) Labor and employment.
- (9) Agriculture and forestry.
- (10) Public administration.

⁴New Ministries Act, 1917 : 7 & 8 Geo. V. c. 44.

⁵See Appendix for list of committees and their functions.

- (11) Housing.
- (12) Education.
- (13) Aliens.
- (14) Legal (pre-war contracts and "period of the war").
- (15) Miscellaneous (munitions, land settlement, and civil serial transport).

The reports of many of these committees have been submitted to Parliament, and several have been published.

CANADA ⁶

In Canada an unofficial committee called the Canadian Industrial Organization Association was formed early in 1918, to consider and prepare to meet the after-war problems in industry, to maintain industrial stability, and to promote wise consideration and treatment of reconstruction problems. According to a statement issued by the Executive Committee of the Association, it will investigate the conditions of the various industries, the markets which they must supply, the particulars of labor competition, and the comparative cost of transportation. Among its aims are to promote better relations between capital and labor, to improve the social and industrial welfare of women, to support technical and general education, to increase coöperation among rural producers, to improve rural conditions, and to provide for land settlement of the demobilized army.

ITALY ⁷

In the early part of 1918 the Italian Government created a central commission to study and formulate measures needed to effect a transition from a state of war to a state of peace. There had been various committees working, but the establishment of a new Ministry of Economic Reorganization was advocated to consider the acquisition of raw materials for manufactures, the increase of the Italian merchant marine, the regulation of foreign exchange by the control of trade, and the treatment of problems in labor, in education, and in social policy. The central com-

⁶ *New York Times*, June 9, 1918.

⁷ *Weekly Bulletin*, Canadian Department of Trade and Commerce, May 27, 1918.

mission has two auxiliary bodies, one of which deals with administrative, judicial, and social questions, and the other with problems of industry, commerce, and agriculture. Each of the auxiliary bodies will be subdivided into sections to investigate the questions apportioned to them and to submit their findings to the central commission, which is to draft a report to Parliament.

JAPAN ⁸

With a view to inaugurating new policies so as to insure a continuation of its prosperity after the war, Japan has appointed an Economic Commission, consisting of representatives of the departments of Foreign Affairs, of Finance, of Communications, and of Agriculture and Commerce, who are to have the assistance of distinguished Japanese scientists. The scope of the Commission's work will include a study of the war-time conditions of industries, of the means of retaining foreign trade, especially in the Far East, and of fostering the newly established industries. The work will include investigations of the necessary tariff reforms and of the effect of the war on national and international finance.⁹

As a part of the plan for developing foreign trade there was established in Yokohama a bureau which is to investigate foreign trade conditions and to collect and exhibit samples of imported and exported goods and catalogues and magazines. It is further intended to send technical commissioners abroad to study types of industry so as to obtain information by means of which the efficiency of native industries may be maintained. The installation of exhibits of samples of Japanese goods in various countries is another feature of the after-war trade program.

RUSSIA ¹⁰

In 1916 the Russian Empire had appointed a commission to study the problems of transition from war to peace. Its program was to include the development of the resources of the Empire,

⁸ *Weekly Bulletin*, Canadian Department of Trade and Commerce, Aug. 12, 1918.

⁹ *Japanese Official Gazette*, quoted in *The Americas*, April, 1917.

¹⁰ Abstract of Journal of Russian-American Chamber of Commerce, Moscow, October, 1916, given in *Commerce Reports*, Feb. 8, 1917.

to adapt industrial concerns that were operating on a war basis to peace conditions, to procure raw material, fuel, and machinery, and to obtain employment for the demobilized army and navy. In addition, the problems of currency and of the public debt were to be taken up. The work of this economic and financial commission included among others the following topics:

- I. Foreign trade.
- II. Attraction of foreign capital.
- III. Development of ways of communication:
 - (1) Financial measures necessary for railway construction and waterway improvement.
 - (2) Measures to coördinate rail and water transportation.
 - (3) Commercial navigation.
 - (a) Creation of a commercial fleet, improvement of conditions of commercial navigation, and construction of ports.
 - (b) Development of navigation by sea, particularly the establishment of a northern water route.
- * * *
- IV. Development and improvement of agriculture.
- V. Development of industry:
 - * * *
 - (4) Establishment of credit for industrial concerns.
 - * * *
 - (6) Measures relating to individual branches of industry and the promotion of new branches of industry to manufacture articles now imported.
- VI. Regulation of foreign and domestic trade:
 - (1) Measures for promoting the sale of goods exported from Russia; the establishment of permanent official bureaus both in Russia and abroad for supplying information and promoting foreign trade; development of consular service.
- VII. Measures for utilizing natural resources and developing industrial life in the north of European Russia and various districts of Asiatic Russia.
- VIII. Measures relating to State dominions:
 - (1) Extension and improvement of forestry.

- (2) Exploitation of mineral resources and State property.
- (3) Introducing system in industry and trade.

BELGIUM ¹¹

Upon the recommendation of the Belgian Minister of Foreign Affairs, King Albert created a Ministry of Economic Affairs on October 12, 1917. In the words of the report recommending the establishment of such a body, "The destruction and ravages of the war and the illegal despoiling of our resources by the enemy had previously led the Government to create a number of organizations to prepare for the restoration of the economic life of the Kingdom. However, it is advisable that the work of economic reconstruction be directed after methodical plans in which all the great national interests will be harmonized. There should be an intelligent unity of conception in the economic field. A wisely coördinated plan will promote the best interests of the nation. A consideration of the ends to be attained and of the facts involved lead me to the conviction that only a new department will be able to prepare adequate solutions to the grave questions which will crowd in upon us."

Article II of the law provides that "there will be attached to the Ministry of Economic Affairs (a) the Bureau of Economic Studies; (b) the Committee of Economic Inquiry at London, Paris, and The Hague; (c) the Italo-Belgian Committee of Economic Studies; (d) the Belgian delegation to the Permanent International Committee of Economic Policy; (e) the Bureau of Industry created in order to study the measures to be taken and the policy necessary for the industrial reconstruction of Belgium; (f) the National Consulting Committee of Minerals and Metals; (g) the Commission for the Industrial and Agricultural Revival of Belgium; (h) the Bureau of War Devastation." Article III provides that "the Minister of Economic Affairs shall take over from the other ministers their partly completed plans for economic reconstruction."

Immediately upon his appointment the new minister recommended the formation of an Economic Council, consisting of

¹¹ *Bulletin de Statistique et de Législation Comparée*, January, 1918. *Commerce Reports*, June 6, 1918. *Christian Science Monitor*, Apr. 24, 1918. *New York Times*, Feb. 24, 1918.

experts outside of Belgium, to whom he might look for advice and coöperation. This body was established by Royal Decree on October 13, 1917. A Reconstruction Mission, consisting of a representative of the Belgian Board of Trade, some scientists, some labor representatives, and technical experts, is to visit the United States for the purpose of making a survey of American industrial methods that may be applied in rebuilding Belgium.

An industrial company whose aim is to assist in the purchase of tools and raw materials of all kinds, metals, leather, textiles, chemicals, farming and other machinery, electrical goods, cars, and trucks was organized with an official status under the title *Comptoir national pour la reprise de l'activité économique en Belgique*.

SERBIA ¹²

Knowing of the collapse of agricultural and commercial activity in Serbia, the State has undertaken to assist and control private initiative in the attempt to revive the national industrial life. The Ministry of Commerce communicated with traders and banks and others concerned in the re-provisioning of the country so as to regulate the quantity, price, and origin of imports. Special preference is to be given to the Allies.

On the assumption that the Central Powers would retain Serbia, the Hungaro-Bosnian and Oriental Economic Central Association has undertaken a study of the reconstruction needs of the country in agriculture, industry, and trade, as well as in social and cultural institutions.

GREECE ¹³

The Greek Minister of National Economy invited several heads of industrial affairs to deliberate with him in order to establish an economic policy for Greece in the future. The subjects under discussion were to be these:

(1) The advantages and knowledge Greece has obtained from the war.

(2) The means of finding fuel for the factories.

¹² *British Board of Trade Journal*, Feb. 1, 1917. "Our economic and cultural work in conquered Serbia," by Dr. Constantine Partos.

¹³ *Board of Trade Journal*, Aug. 8, 1918, p. 186.

- (3) The encouragement of private initiative by the State.
- (4) The best means of furnishing raw material to the different industries.
- (5) Food conditions and munitions.
- (6) How to strengthen existing industries and create new ones.
- (7) Industrial legislation and elementary and secondary technical instruction.

Two manufacturers will be appointed to present a preliminary report on each subject.

AUSTRIA ¹⁴

Like Germany, Austria also has a Minister for Transition Economy. In Hungary an inter-ministerial commission was recently formed to provide for the distribution and utilization of military goods which are no longer needed on demobilization. The commission will be charged with the distribution of these goods among the various branches of production and with the control of the central organization which is to be formed to carry out the actual work. The commission consists of the Minister for Transition Economy (as president) and one representative from each of the Ministries of Trade, Agriculture, Finance, the Interior, National Defense, Transition Economy, and National Welfare, and the National Food Ministry.

BULGARIA ¹⁵

In anticipation of a revival of trade after the war, Bulgaria developed water-power facilities, created a bank for the promotion of trade, and founded a great variety of banks for the financing of industry, with a total capitalization of about fifty million dollars.

HOLLAND ¹⁶

On July 2, 1918, the Netherlands Minister of Foreign Affairs inaugurated an after-war policy by founding an Advisory Commission for Economic Information Abroad, with a view to coping with the increased impediments in the world's traffic after the war. Among the plans of this Commission are an increase in

¹⁴ Pester Lloyd, *Board of Trade Journal*, Mar. 28, 1918.

¹⁵ *Commerce Reports*, Oct. 27, 1917; Jan. 22, 1918.

¹⁶ *Commerce Reports*, Sept. 3, 1918. *New York Times*, Aug. 7, 1918.

the number of consuls, improvements in the facilities for travel by consuls, and the creation of the office of technical adviser at the important consular posts.

SCANDINAVIAN COUNTRIES ¹⁷

Representatives of the Scandinavian countries assembled at Stockholm in the fall of 1917, to consider means for the protection of Scandinavian trade after the war, in the direction of further commercial coöperation, the adoption of uniform commercial law, a revision of the maritime law, and the further maintenance of the Scandinavian Coin Convention.

In order to acquire greater economic independence and thus reduce importations to the least possible amount, the Norwegian Government has established a Department of Industrial Supply, whose function it will be to develop the natural resources and build up the industrial organization of the country.

In Sweden a new organization was formed in the summer of 1918 to aid the export trade after the war. As a result of the close coöperation in Germany between the State and industry, Swedish merchants felt the need of following and meeting all measures taken in foreign countries which may be inimical to Swedish interests. By coöperation and centralization Swedish traders intend to secure the most favorable prices and conditions. An expert committee capable of negotiating new trade treaties is an outgrowth of the new organization.

SPAIN ¹⁸

The King of Spain appointed late in 1917 a commission headed by the Directorate-General of Industry and Commerce, which within four months was to draw up a memorandum dealing with the foreign trade of Spain. The subjects on which the commission was to report cover the following:

"(1) The state of the foreign trade of Spain in 1913 and 1914, classified by countries and articles and citing the com-

¹⁷ *London Economist*, Oct. 20, 1917; *Commerce Reports*, Feb. 7, 1918; *Tidsskrift for Industri*, quoted in *Commerce Reports*, July 6, 1918.

¹⁸ *Gaceta de Madrid*, Oct. 15, 1917. *Board of Trade Journal*, Nov. 22, 1917. *British Board of Trade Journal*, Aug. 1, 1918.

petition encountered and the reasons Spanish manufacturers found it impossible to retain certain markets.

"(2) The disturbance in the world market occasioned by the war; nations that have suspended their exports; nations that have maintained their exports, showing the extent and the conditions; markets lost and won by Spain; the permanent and transitory character of new exports from Spain; the strengthening of former branches of the export trade; Spanish industries that have increased their productive capacity by entering new markets.

"(3) The analysis of the economic consequences of the war, either the possibility of economic wars and the formation of two irreconcilable groups, or the necessity for living together economically with no greater separation than that of differential tariffs among allies; the consequences to Spain of either form of international trade arrangements, and the foundation on which Spain may base the continuation of its economic relations with the various groups; an inquiry into the system of commercial treaties, including a consideration of the 'most favored nation' clause; a tariff for encouraging Spanish industries; and a defensive customs tariff to counteract export bounties.

"(4) Economic independence of any country is not entirely desirable, as it might isolate that country from the rest of the world; the commission is therefore to include a classification, by countries, the market, and products, of the goods which Spain can contribute toward the trade of the world in such a manner as to allow Spain to obtain supplies from foreign countries and build up home industries by acquiring outlets abroad."

Late in 1918 the Minister of Public Works announced the establishment of an organization which "will forthwith take care of the economic life of Spain both for the period of transition between war and peace and for the lines of policy which will have to be followed after the war."

CHILE ¹⁹

On September 6, 1917, the President of Chile appointed a committee to investigate and report on the condition which the industries and commerce of Chile will face upon the reestablishment of peace and on the competition between domestic and

¹⁹ *Commerce Reports*, Dec. 15, 1917.

imported commodities and to recommend measures for the purpose of protecting the domestic industries in their present advanced condition and encouraging their further development.

BRAZIL ²⁰

Some recent economic measures in Brazil, though not strictly relating to after-war reconstruction, indicate a foresighted national attitude. At a recent meeting of the Commercial Association of Rio de Janeiro it was proposed to extend the commerce of Brazil by studying how to increase reciprocal commercial relations between Brazil and her allies, by asking for suggestions from chambers of commerce in foreign countries concerning Brazilian legislation, tariffs, exchange, and merchant marine, and by intensifying domestic production.

COLOMBIA ²¹

A financial conference of the representatives of several chambers of commerce in Colombia convened in the summer of 1918 to study the decline in foreign exchange, its cause and remedy, the deficiency of currency, and the fiscal crisis.

OPPOSITION TO RECONSTRUCTION DISCUSSIONS

In England some of the leading publications have opposed the discussion of after-war conditions because of the many uncertain factors in the situation. The *London Economist* (May 4, 1918) severely criticized the report of the Balfour Committee on Commercial and Industrial Policy After the War. A similar attitude prevails in Italy ²² and Japan.²³

²⁰ *Commerce Reports*, May 14, 1918.

²¹ *Commerce Reports*, July 25, 1918.

²² *Corriere della Serra*, July 16, 1918.

²³ *Nichi Nichi*, Oct. 22, 1917.

CHAPTER II

GENERAL PROBLEMS OF RECONSTRUCTION ABROAD

THE FUNDAMENTAL PROBLEM AND THE VARYING EMPHASIS

Fundamentally and everywhere the problem of reconstruction is of course to make good the stupendous wastes and inconceivable ravages of the war. For this purpose production must be increased and consumption decreased, so as progressively to augment the social surplus. The reconstruction policies must therefore be (1) to increase the output of raw materials, or to insure their unrestricted importation, (2) to mobilize labor promptly for peaceful occupations, (3) to increase the facilities for shipping, (4) to reorganize the finances, and (5) to restrict the manufacture and consumption of luxuries or non-essentials.

The individual problems of reconstruction will be treated later in greater detail, but their high lights are presented here as they appear to the native Frenchman, Englishman, or German. By selecting the problems these men emphasize, we can appreciate their relative importance to those who are best capable of judging them. In considering them the reader should of course discount the error of the observer and in some respects the insufficiency of the data available. The aims and methods of reconstruction in the different countries show also the weak points in their national economic life in its pre-war and present state.

France, for instance, specifically looks forward to a more intense industrialization, a more extended use of automatic machinery, standardized production on a large scale, and the national transfer of effort away from the industries that cater to luxury, for which the demand apparently will be much diminished. The development of the natural resources of France, especially of water power, is very strongly stressed, as is also the need for some international credit arrangement, at least between the Al-

lied powers, for the aid of France, who has borne the brunt of the struggle for democracy.

Germany, on the other hand, finds her one great fear, the underlying motif of all her plans for reconstruction, in the lack of raw material, the basis of her extended manufacturing activities. Of great importance also is the scarcity of tonnage, the loss of foreign commerce, the huge debt, and the badly deranged foreign exchange situation.

To England the great need for reconstruction is not a material one, but, shall we say, spiritual. English economists are unanimous in their appeal for a national reawakening, for greater energy and more industry, and for a spirit of coöperation. The war has revealed how fatal to the Empire was the policy of the restriction of output by labor and the selfishness of capital. The two directions in which it is hoped that the new spirit will find its greatest effect are (1) in the solution of the labor problem, which hangs like a cloud over English industrial life, and (2) in the extension of technical and scientific research, the absence of which seems, in the minds of the English, to be the cause of their confessed decline in power for the past thirty years, as compared with the other leading nations of the world.

GERMANY ¹

General Aspects. There seems to be in Germany a curious failure to realize the fact that the whole question of transition

¹Dr. Kurt Singer, Some basic questions of reconstruction: *Europäische Staats und Wirtschafts Zeitung*, Oct. 29, 1917. German foreign trade after the war: *Commerce Reports*, Oct. 18, 1917. An economic program for Germany: *London Economist*, Apr. 28, 1917. The import trade in Germany's reconstruction scheme: *Hamburgischer Correspondent*, Aug. 16, 1917. George Bernhard: *Plutus*. Germany's commercial policy after the war: *Deutscher Aussenhandel*, June 20, 1917. Dr. August Miller, Principles of German reconstruction: *Socialistische Monatshefte*, Aug. 15, 1917. Interview with Chancellor Michaelis: *Vossische Zeitung*, Sept. 8, 1917. Max Haller, Industry and commerce in Germany during the transition period after the war: *Plutus*, Mar. 28, 1917. Von Berg, *Wirtschaft Zeitung der Centralmächte*, Aug. 31, 1917. Arthur Norden, Reconstruction work in Germany: *Berliner Tageblatt*, Oct. 28, 1916. Arthur Feiler, *Frankfurter Zeitung*, May 6, 1918; June (?), 1918. *Correspondenzblatt der Gewerkschaften*, June 22, 1918. *Internationale Korrespondenz*, Oct. 20, 1917. *Norddeutsche Zeitung*, May 5, 1918. *Reichsanzeiger*, Feb. 11, 1918.

economics is intimately tied up with the great political questions. An isolated observer² calls attention to the folly of preparing for conditions that may never supervene. Incidentally, he believes that an economic revolution would follow the war that would dwarf the world's experience after the Napoleonic wars. Most writers,³ however, see the chief difficulties of reconstruction in the fact that German tonnage and credit will be too scarce to permit the full needs of Germany in food and raw materials to be satisfied. Further, the serious loss of capital and the possibility of exclusion in world trade are two grave dangers of the reconstruction period.

Official Views. The following opinions were expressed at the Imperial Economic Office by merchants, bankers, journalists, and legislators, who were called together to advise the Government and who subsequently issued an official statement.⁴ Rubber, oil, seeds, petroleum, and textiles were badly needed to permit resumption of industries dependent upon them. It will be necessary to regulate the importation and distribution of raw materials. But labor and trade should be unhampered, and "compulsory syndication" of industries should be abolished.

In view of the fact that one-half of Germany's pre-war tonnage was lost and one-half was interned, the shortage of tonnage was acute. Therefore, it was recommended that imports be restricted to essentials and rationed upon a priority scheme, that German tonnage be used exclusively in German trade, and that State control should give way to coöperative direction by ship-owners.

Finally, in view of the scarcity of credit, it was recommended that capital and credit be retained in Germany, that bills of exchange be under Government control, and that as much trading as possible be done upon foreign credits.

Demobilization. The question of demobilizing the army with the least interference to industry and the minimum of enforced idleness of labor has been studied very thoroughly. Instead of

² Arthur Feiler, of the *Frankfurter Zeitung*.

³ Kurt Singer, *Fundamental Questions of Transition Economy: International Korrespondenz*, Oct. 20, 1917. Arthur Von Norden, *Berliner Tageblatt*, Oct. 28, 1916.

⁴ *Norddeutsche Zeitung*, May 5, 1918; *Frankfurter Zeitung*, May 6, 1918; *Reichsanzeiger*, Feb. 11, 1918.

demobilizing soldiers by regiments, by geographic location, by age classes, or by branches of the service, it has been proposed to demobilize them according to their vocation in civil life and only as fast as the specific industries concerned are ready to receive them. The scheme for the compulsory reëmployment of former workers has not been received favorably, because of the change in the basis of industry since August, 1914, and of the inevitable displacement of the present employee, whose idleness would be as serious a problem to the nation as that of the discharged soldier. It would delay but not meet the difficulty.

Raw Materials. Germany, says Rathenau, is like a great storehouse without any goods. The first need of so highly industrialized a State is the procuring of raw materials, without which the industrial life of Germany will starve. This problem is complicated by the fact that although Germany's manufacturers and ultimately its exporters depend for their prosperity on foreign raw materials, yet the depreciated foreign exchange rates make it impossible to permit the unrestricted importation of commodities, at least during the interval that must ensue before the finished products can be shipped to the markets and balance the imports of raw materials. The importation and distribution of raw materials will be supervised as it was during the war by the Raw Materials section of the War Office, which with its subcommittees not only restricted consumption but increased production, where possible, devised substitutes, requisitioned household goods, and looted the invaded territories.

The dearth of raw materials is indicated in the proposal of Prince Loewenstein⁵ to the effect that Germany should demand as an indemnity the raw materials to be had from the Allied possessions. "Even if peace opens every market in the world to us, it would not prevent the wildest competition for raw material and food supplies. Money will not bring in the goods, for will foreign countries accept our paper? Besides, tonnage will have almost disappeared, and our exchange will have sunk to the very lowest. The Central Powers, the victors, must demand a portion of the war indemnity in raw material, and this immediately, before other powers have been supplied. The victors must be the first to eat."

Less strident in tone and quite un-Prussian in spirit is the

⁵ *Journal of Commerce*, April 1, 1918.

proposal of Dr. Bernhard Dernburg that the League of Nations provide a pool of all available raw materials and that each member be supplied according to its needs.

As for the much vaunted "substitutes" (Ersatzstoffen), their value was psychological rather than material. Paper clothes may tickle Teutonic egotism, but they won't stand the wet. Zinc substitutes for copper may have been intended to impress the Allies, but they are not acid resisting or weather proof. The Germans took to substitutes in an extremity. They will joyfully discard them, if the Allies remove restrictions on exports of their raw materials.

Restriction of Imports. To bring the mark to parity, it will be necessary to restrict imports. Some German writers fear that legislation to this effect will evoke the hostility of the countries from which the raw materials are obtained. An alternative suggestion is that there be a continued control of foreign bills and a restriction of imports by the refusal to sell foreign exchange for specific import transactions. Imports might also be restricted by the establishment of a central purchasing agency, under the control of the Government, according to a plan advocated by Socialists and officials, or by means of a coöperative buying syndicate, in which merchants will voluntarily associate themselves. Aside from all these schemes, there is the unanimous determination to prohibit the importation of luxuries and to encourage as far as possible the use of substitutes of domestic origin. Obviously, substitution can hardly apply in any large degree to basic raw materials.

Efficiency and Thrift. It is realized by German economists that the only way to increase wealth is to work more and waste less—to increase production and to decrease consumption. There are schemes afoot for industrial conscription of all men physically able to work and unfit for any intellectual task. The idlers will have to seek some other clime. Conversely, there will be a reduction in the use of luxuries, beer, wines, tobacco, and a curtailment of the esthetic in life by means of heavy taxation on works of art, etc.

Tonnage. A people whose ships at one time freely sailed every sea unrestricted by the other nations of the earth will be reduced to the need of manipulating its dwindled fleet to accommodate even the scanty trade which will remain for the period

immediately following the war. The schemes proposed include putting all tonnage under Government control and rationing it as the Allies did during war time, and limiting the importation of non-essentials, except in foreign ships and by means of foreign credit. Another plan is to attract foreign tonnage by the offer of high rates, and to import goods in foreign bottoms when practicable. This plan, however, takes no account of legislation enacted by other nations to counteract the diversion of their tonnage. Nevertheless, it is felt that owing to Germany's inadequate credit facilities and low purchasing power and to the political hostility against her, the relation of supply and demand in tonnage will be in equilibrium long before some of the other factors in international commerce.

Trade Policies. Absurd as the "Paris resolutions" seem to both Englishmen and Frenchmen,⁶ yet these measures seem to have struck terror into the hearts of the Germans. They greatly fear economic exclusion and a loss of their foreign trade. As counter measures they expect to rely more on home production than they did in war time, and to utilize as means of reprisal the so-called compensation products, like dyes, chemicals, electrical goods, and special steels. This reed to beat the world with is another example of the German inaptitude at understanding the non-German mind.

Whether or not any legislative boycott is enforced against their goods, German merchants fear the deep hostility which their barbarous methods of warfare have roused in an outraged world. They have therefore planned to utilize their friends in neutral countries as agents and to remove German identification marks. "No moral scruples should deter us," says one typical writer. In general, a high bargaining tariff with accessory export bounties seems to be a popular and much advocated trade policy in Germany.⁷

The Financial Situation. Although Germany has borrowed less abroad than the Allies have, yet the credits she has raised in Switzerland, Holland, and the Scandinavian countries are not

⁶ W. H. Dawson, Germany's Foreign Trade: *Quarterly Review*, January, 1918. Charles H. Gide, *British Economic Journal*, December, 1916.

⁷ It is worthy of note that Switzerland has under consideration a law to compel all Swiss traders in foreign goods to stamp their shipments with the name of the country of origin.

inconsiderable. Besides, the circulation of German paper in the invaded territories constitutes an obligation that must be retired, as much as any debt, even though it bears no interest. To recoup the enormous losses of the war, it will be necessary to increase the capital available for home industries. Germans expect to accomplish this object by encouraging the listing of their securities in those foreign countries that are impressed by German commercial power, and so to bring outside capital into Germany. Depreciated exchange will make German securities attractive abroad. On the other hand, she will, at least for a short period after the war, impose hindrances to the floating of foreign securities in Germany, so as to avoid draining her meager and indispensable supply of capital. The low purchasing power of the mark will naturally discourage the export of German capital. Reliance is placed on the issuance of gold loans with the various neutrals and the importation of gold in exchange for German manufactures. Foreign credits, with due dates so distributed as not to depress exchange rates cumulatively and sharply at the time of payment, are to be sold to neutrals at especially favorable rates owing to the depreciation of the mark. Plans have also been made for the liquidating of the war loans held by industrial companies which may be in need of cash to resume operations.

German foreign exchange rates were greatly depressed during the war for the lack of sources of capital upon which Germany might draw, in the same way as the Allies drew upon the United States. German economists look for a continuation of depreciated exchange, for two reasons—primarily because German paper money has vastly increased, and in addition because holdings of foreign securities have been wiped out. However, they hope for some scheme of coöperation in maintaining exchange near par, such as was adopted by English and American bankers during the war. Speculation alone, they fear, will not save the situation. Still, a slow improvement is expected, especially in view of the fact that Germany, having raised no foreign loans during the war, will have no maturing charges, either interest or principal, to depress the exchange market, such as the Allies will have to contend with for the first few years after the war. Germany expects to export concentrated goods, or commodities of high value, whose cost consists largely of wages to labor and which occupy

relatively little cargo space, like dyes, drugs, delicate instruments, and scientific goods. Occasionally it will be necessary to ship gold to bolster falling exchange. Some economists argue against the need or the advisability of maintaining a fixed ratio of gold to deposits or note issues. They characterize it as arbitrary.

State Control. On all sides one finds the increased advocacy of public control for private industries. State syndicalization is favored as a matter not of choice but of necessity, as a result of the impoverishment following the war—not for the former purpose of achieving an equitable distribution of wealth, but for restoring an exhausted community. According to the plans put forward compulsory combinations will constitute the basis of German industry. These plans contemplate the control of raw materials, the coördination of factories in the same industry, the elimination of the middleman, compulsory arbitration, the abolition of trade-union restrictions—indeed a continuation of all the policies that were adopted under the stress of war as a result of shortages of labor and raw materials and because of the need for high efficiency. Public control is expected to bring about low prices and high wages, specialization of labor, and the use of modern machinery.

Public Debt. The astounding increase in the public debt has called forth strong and radical measures, such as a levy on capital, progressive inheritance taxes increasing at a very high rate with the amount willed and with the distance of the relation of the heir to the testator, widely extended taxes on consumption, and a tax on raw materials entering manufacture, so as to compel industry to be economical and efficient.

ENGLAND

The Relaxation of Effort and the Decline in Power. Englishmen, concerned as to their national future, are indulging in recriminations over the loss of prestige in commerce and industry that was increasingly manifest up to the beginning of the war. A comparison of England and Germany in a number of fields of endeavor tells the whole story.⁸

Whereas in the last 30 years Germany increased her wheat pro-

⁸ Gray and Turner, "Eclipse or Empire." *Engineering Magazine*, London, Dec. 28, 1917.

duction 50 per cent, that of England declined 20 per cent. The yield per acre in Germany rose 40 per cent and in England remained stationary. According to Christopher Addison, Minister of Reconstruction,⁹ the British farmer on the average fed from 45 to 50 persons per 100 acres of land, whereas the German farmer fed from 70 to 75. The British farmer grew 15 tons of corn on the 100 acres and the German farmer 33 tons. From the same area the British farmer produced 11 tons of potatoes and the German farmer 55 tons. The British farmer produced 17½ tons of milk to the German farmer's 28 tons, and yet the British farmer had the better soil. The decay of agriculture in England in the same period is manifest in the 33 1/3 per cent increase in the stock of cattle raised in Germany as against no increase in England. From 1865 to 1913 the production of iron rose from 1 to 19 million tons in Germany, and from 5 to only 10 million tons in England. The exports of iron and steel from 1900 to 1914 rose in Germany from 1 million to 6 million tons annually, and in England from 3 to 5 million tons (and in the United States from practically nothing to 1½ million tons). Imports for the 20 years ending 1906 increased for Germany by \$420,000,000 a year, and for England by about \$300,000,000.

England was suffering from the inertia which accompanies success attained with no great effort. British industry was suffering from inferior labor, inferior equipment, inferior leadership, and inferior organization. Owing to lack of coöperation, strikes wasted 100 million working days in ten years. The opposition to modern machinery and the "soldiering" of workmen led to a tremendous decrease in output. A German handbook of the iron and steel industry¹⁰ contains this statement:

"The British iron industry should be a warning example to us Germans. The English trade unions, with their short-sighted championship of labor, with their notorious policy of 'ca-canny' (the limitation of output), and with their hostility to technical improvements, have seriously shaken the once powerful position of the British iron trade."

The blindness of British labor consisted in its inability to see

⁹ Consul Franklin D. Hale, Huddersfield, England, in *Commerce Reports*, Nov. 16, 1917.

¹⁰ "Gemeinfassliche Darstellung des Eisenhuettenwesens," Duesseldorf, 1912.

that the increase of output lowers costs, increases work, and makes for general prosperity, and that the restriction of output constitutes a loss of wealth to the Nation and drives industries to other countries where workmen can coöperate with the manufacturer in reducing unit costs and where individual selfishness is not permitted to override the national welfare. However, the folly of labor was matched easily by the bigotry of capital and the indifference of the Government. Inadequate housing facilities before the war constituted the besetting sin of English manufacturers and a condemning testimony of the neglect of the Government. However, the war has, by aggravating the evils, hastened their solution. The formation, upon the recommendation of the Whitley Committee on the Relations of Employer and Employed, of joint standing councils representing all the workers and all the employers in an industry is one of the inestimable results of the war. This subject will be discussed fully later.

The British Problem as Seen from Within. "It is important that the public shall recognize that the problem of reconstruction does not concern this country alone but is international in its scope and that our own domestic reconstruction plans are certain to be very materially affected in one way or another by the decisions of the peace conference. The best that can be done at present in the circumstances is to be prepared with alternative plans."¹¹

Addressing the textile workers at Huddersfield, England, as part of the plan of discussing reconstruction problems in the various industrial centers, Dr. Christopher Addison, Minister of Reconstruction, outlined as follows the four chief needs to be met after the war:¹²

"The war has taught and is teaching a great many lessons: it has removed some of our narrowness of vision; it has made us realize that a good many of our class prejudices are wholly artificial and harmful. The country will never overcome the devastation of this war unless as a nation it increases its productivity.

"To overcome the results of the war we need four things—(a) better coöperation between capital and labor; (b) better conditions of life; (c) better training; and (d) better industrial methods. No real progress can be made in increasing output until

¹¹ Addison, op. cit.

¹² *Commerce Reports*, Nov. 16, 1917.

in some way capital and labor can get together without bitterness and suspicion for the settlement of their differences.

"Increased output calls for labor's coöperation. Labor's interest in an increased output must be secured. Labor must understand that it is for its best interest to discourage anything that tends to limit output; and in the increased output labor must enjoy its legitimate share of benefits. Increased output cannot be obtained without the hearty coöperation of labor, and that cannot be won if its full rights are not respected.

"It is often the fear of unemployment that makes labor hostile to improved methods. We can never expect a man to put his heart into introducing new methods that may turn him out into the streets.

"There must also be improved conditions of housing. Nearly every village has such a problem; and the output of food from the land is intimately associated with the housing problem. National health depends largely on how the various communities solve the housing problem.

"Hereafter industrial progress, as never before, will demand a closer relation between the factory and the laboratory. There are too few well-trained experts in the country, but their number is going to be increased and a larger compensation paid. The war has also shown very clearly that this country has never made as much use as it ought to have made of brains; and that a few highly trained scientific men have accomplished much in supplying the armies and making them efficient and successful. We are learning that it pays to employ brains, and pay them properly.

"There has been too great 'stand-offishness' between the business community and educational authorities. Science must be brought more and more into the industrial life. Certainly there must be a larger conception of outlet. Trade must become better organized. Germany has been able successfully to invade the British market because it organized its buying and selling on comprehensive lines."

If manufacturers and traders would examine their plants and processes with clear, unbiased vision, they would find much that ought to be scrapped. In order to increase their productive power they must have the best possible plants and use the most up-to-date methods. Inefficient plants and inefficient operation must be

discarded if the costs of the war are to be paid by means of a greatly increased productive capacity.

Demobilization. The problem that will arise when millions of discharged soldiers are thrown into the industrial market has been studied, as has also that involved in the demobilization of unskilled workers and of women in the munition factories. For the soldier there has been proposed immediate aid in the form of a furlough on full pay, a grant of money, and insurance against unemployment for a considerable period. The question arising in connection with employment exchanges has been worked out, and a national inventory of available jobs and of industrial undertakings was planned.

To meet the increasing number of urgent problems which peace will bring, it is hoped to utilize the joint standing councils of all the employers and all the workers in each industry. Pending the ultimate and complete establishment of the joint councils, it has been arranged, with the aid of the employers and workers and of the Ministry of Reconstruction, the Ministry of Labor, and the Board of Trade, to set up a provisional committee in each trade to advise the Government as to the views and the needs of that trade in relation to the many labor, industrial, and commercial problems that will affect it during reconstruction. Financial facilities for industries that are to be reorganized will be extended with the primary object in view of the utilization of labor.

Raw Materials. The lack of raw materials is not so great a problem in England as in Germany, for by calling on her colonies she can satisfy most of her needs. However, it is realized, apparently, that her potential resources have not been systematically or fully exploited. For this purpose an Imperial Commission was appointed to study the resources of the Empire, make an inventory of them, and report on their development. The report of this Commission states that England's potential colonial wealth far exceeds that of the United States and advocates the imitation of the methods which have developed the continental United States so rapidly.

Technical Research. The divorce of science and industry has been recognized as one of the fundamental defects of English industrial organization. There is an appalling neglect of scientific education in the public schools, and the scientists at univer-

sities have no connection with the industrial laboratories. Attempts are being made to broaden the scope of the scientific courses, and to tie up the laboratory and the factory by means of industrial fellowships under which a research worker in science pursues his investigations on some manufacturer's problem. A national laboratory has also been one of the schemes under discussion. Englishmen have come to realize the vast possibilities for the increase of production that lie in the application of science to industry.

Recovery of Trading Prestige. Attention has been turned to the instruments for the conduct of foreign trade. A complete report on the reorganization of the foreign trade service has been submitted to Parliament, and it is hoped that supervision over international commerce will be brought about in the interests of the entire Empire.

Financial Facilities for Foreign Trade. A study of German methods by Englishmen has revealed the fact that it was the long credits which the Germans extended that made possible their persistent and steady increase in foreign trade. Strangely enough, it was British credit which the Germans used to accomplish this end, indorsing their customers' papers at the German banks, which in turn sold these bills on London. It required the dislocation of trade occasioned by the war to expose this German device to the English bankers. English merchants are insisting on the need for long credits, and to attain this end plans have been made for coöperation in overseas trade by exporters and bankers. The British Trade Bank, patterned apparently after the American International Corporation, was launched for the purpose of financing foreign enterprises that involved the tying up of credits for a protracted period. Its functions have not yet become definite, but there is a great likelihood that it will also engage in the extension of short-term commercial credit, as it is empowered to do by its charter.

FRANCE

General Aspects. French economists recognize the nature of the fundamental problem—the need to make good the wastes of war. They are therefore calling for intensified production and for economy in consumption. Only in this way can the social surplus be built up. France expects to reduce her activity in the

manufacture and sale of luxuries and to engage in large-scale production by relying on standardization of patterns and on automatic machinery. To build up her supply of capital, France expects to export much and import little.¹³

The Need for Study of the After-War Problems. "Let us not be surprised by the peace, as we were by the war," say French writers.¹⁴ Regardless of how the war should end, French economists insisted on considering preparations for the solution of the after-war problems. The country is exhausted and out of equilibrium with the economic forces that are operative in peace times. Therefore it needs some temporary artificial support until the period of recuperation is over. Some writers point to the preparations made in other countries. "Our competitors of to-morrow, whether they be allies, neutrals, or enemies to-day, are all busy studying problems of the after-war period. It would be well for us to be familiar with their preparations in order to decide upon the line of conduct which we shall have to follow."¹⁵ "There is no problem more urgent than to rally our citizens around a program which will be able to meet the extraordinary situation which we shall have to face after the war."¹⁶

An Appeal to the Nation. On all sides one finds both in the periodicals and in the literature on the subject warm appeals to the nation to rouse itself from its lethargy and to be true to its best traits. The history of "la grande France" is recalled, and the successes of competing nations are held up to view. "France, formerly first among the nations, now is third or fourth industrially and is rapidly sliding backward. It is time to realize the fact that even with a sweeping victory we are lost as a people if we do not make the effort to raise ourselves industrially to the level of the German. German barbarity should not blind us to the fact that Germany represents a higher state of economic development. She is so far ahead of us that whether we wish or not we must follow her methods."¹⁷

¹³ Louis de Launay, *Problèmes économiques d'après guerre: Revue des Deux Mondes*, July 1, 1918.

¹⁴ Henri Urban, "L'effort de demain." Louis de Launay, *op. cit.*

¹⁵ Berrogain, "L'expansion du commerce extérieur et l'organisation bancaire," Paris, Delagrave, 1916.

¹⁶ Lysis [pseud. Eugène le Tailleur], "Vers la démocratie nouvelle," Paris, 1916.

¹⁷ Lysis, "Pour renaitre," and "Vers la démocratie nouvelle."

For her success Germany has relied on orienting the national effort in specific directions, on ardor of work, on widespread teaching of theory and technique in a variety of fields, on the application of science to the arts and to industry, on the abolition of empirical methods, on arrangement of machinery and methods to insure maximum output, on the production of new commodities, and on the solution of social questions.¹⁸

As a call for the rebirth of the Nation and for a radical change in the basic conceptions of the French mind, the French economist presents statistical evidence of the progress made in Germany and the simultaneous decline in France. In 1875 Germany and France, with areas approximately alike (541,000 square kilometers in Germany and 536,000 square kilometers in France), had populations of 42,000,000 and 37,000,000, respectively. By 1910 Germany had increased her population to 65,000,000, an increase of 52 per cent, while France barely attained 39,000,000, an increase of 8 per cent. In spite of a stretch of seacoast which should enable France to become a maritime nation par excellence she had in 1909 a merchant marine of 1,300,000 tons, as compared with Germany's 2,800,000 tons; or, to count only steamships with a capacity of over 100 tons, there were 801,000 tons in France, as against 2,350,000 tons in Germany. Of about 49,000,000 tons of shipping cleared in French ports during the year 1909 foreign bottoms represented 36,000,000 tons. The figures of foreign commerce tell the same story. In 1891 the sum of the imports and exports of Germany amounted to 9,160,000,000 francs; those of France amounted to 8,340,000,000 francs. Twenty years later, in 1911, these figures grew to 22,000,000,000 and 14,000,000,000 francs, respectively. While Germany was opening her mines, coal and metal, and developing new industries, chemical, electrical, and metallurgical, France seemed impotent and apparently was decaying industrially.¹⁹

"Germany would never have dared to attack us so foully if we had not permitted the balance of odds to run so strongly in her favor. Our lack of will power, our neglect of our most elementary duties as a Nation, created the illusion that we were a degenerate people, whose rôle was passed."²⁰

¹⁸ V. Cambon, "Notre avenir," Paris, Payot et Cie., 1916.

¹⁹ Lysis, "Pour renaitre."

²⁰ *Idem*, p. 14.

However, the great awakening seems to be at hand. As one French deputy writes, "The great agricultural Nation can become the equally great commercial and industrial power. Only will is needed, a spirit of daring and an organization of industry. It is up to the Government to arouse the masses, to dispel the apathy of the contented ones, to initiate a national effort to make France economically independent, and then to help her enter the world's markets."²¹

Rehabilitation. Of the problems that are calling for immediate solution the physical reconstruction of northern France looms large above the others. Committees of architects have planned for a new and a greater France. With the aid of modern methods, standardized designs, and construction organized on a large scale, a France purified and regenerated will arise from the ashes left by barbarian torches. As in other countries, the problems of the blind, the crippled, and the invalid soldier have been thoroughly analyzed and are well on the way to solution.²²

Man Power and Population. Of the long-range problems that are awaiting solution the fundamental one is the question of population, which in many sections of France is stationary or declining. According to Charles Gide, a French economist, the industrial and political future of France depends upon the successful meeting of this issue. It will be necessary to devise methods for increasing the population, for the removal of all obstacles to the rearing of children, and for the promotion of social hygiene. Child welfare and education will have to be considered. Alcoholism and tuberculosis, the two most sinister enemies of public health in France, according to the French observers themselves, will have to be resolutely fought and, so far as possible, banished. Many minor hindrances to wholesome family life, such as low salaries, high rents, difficulties involved in the term "high cost of living," and exposure of women to excessively hard work, are being considered as part of an attempt to encourage the rearing of large families. Unless this problem is adequately met, Frenchmen are agreed that all other problems, industrial, commercial, and financial, must fail of solution. However, France, aroused and reso-

²¹ Victor Boret, "La bataille économique de demain," p. 188.

²² Gilbert Chinard, *The reconstruction of France after the war: University of California Chronicle*, July, 1917.

lute, will undoubtedly solve this problem as she has successfully met the equally threatening challenge of war.

*Labor Problems.*²³ The relation of labor and capital touches every aspect of the after-war situation—political, social, and industrial. During the war France instituted several measures which aimed to secure industrial peace and continuity of production. Chief among these were the official recognition of labor groups and the adoption of the principle that the workers should be represented in the solution of all questions in the factory that concerned their welfare. Conservatives are loath to grant any further concessions, as they can see nothing but continuous pressure by labor and ultimate surrender by capital. The liberals, on the other hand, realize that labor's aspirations are inevitable and that it is wiser to yield privileges before they are wrested by force. The practical thinkers realize, however, that it may be impossible to maintain the concessions granted to the working classes during the war, because the false economic standards of war time will inevitably be discarded and competition, both domestic and foreign, will again become operative. How to handle the two outstanding developments of the war in this respect—considerably increased wages for even unskilled labor and the introduction of quantity production by automatic machinery of standardized designs—is the chief problem of French labor.

Labor demands that it have a voice in industry. This condition has been realized in part in the formation of works committees (*conseils de usine*). The chief function of these bodies is to attain greater stability of labor in the plant, to establish direct contact between the employer and the employed, to avoid labor crises by formulating a procedure for solving difficulties as they arise, to replace the strike by the arbitration conference, and finally, of most importance, to permit the workers to take part in those decisions which affect conditions in the industry.

As in other countries, there are labor groups that insist not only on a voice in the management but also in a share of the profits—indeed, as in England, there is a radical element which insists on the immediate expropriation of capital.

Industrial Reorganization. Viewed in the large, the solution of

²³ Maurice Alfassa, *Le préparation de l'après guerre: La Nouvelle Revue*, Nov. 15, 1917. This article, "Le production," is one of a series of twelve articles, running from July 1, 1917, to January 1, 1918.

the industrial problem consists in taking a census of the country's resources, developing them coördinately (integrating coal mining with the manufacture of coal-tar dyes and drugs, for example), diversifying industry so as to make France independent, and introducing scientific management so as to increase output. Under the last head are included the introduction of automatic machinery, of standardized production, and of industrial research.²⁴

France aims at a more complete industrialization. Rather than export raw materials for other countries to work up, she intends to do the manufacturing within her own borders and export the completely manufactured product. The tremendous expansion of industry during the war has given her tools and machinery and developed an army of trained workers. She will merely have to import "peace" tools and turn out "peace" products, such as electrical equipment, textiles, cloths, gas engines, machinery, and chemical and pharmaceutical goods. Just as the Government directed industry into the production of munitions for the war, so in peace times it ought to redirect industry along national economic lines.

In other words, France will have to aim at industrial and economic independence of her present enemies. Her dependence has extended not only to the original machines or goods, but also to supplies and replacement parts. Her production will have to be diversified so as to include everything she needs. At the beginning of the war France was dependent on Germany for her war supplies, as nitric acid, for certain types of munitions, for dye-stuffs and their correlate, explosives. The dye industry in turn controlled the paper, leather, and textile industries. However, the war has changed all this, and France now expects to be free from the domination of the foreigner for the essentials of her economic life.²⁵

(1) *Resources*. It is not coal that France lacks, but only Government concessions for its development. In a chapter entitled "To progress or perish" the author of "Pour renaître" contrasts the number of new mines opened in the last decade in Germany and France, the utilization of lignite in Germany and the neglect of it in France.

All writers on reconstruction in France stress the power resources of the country. France has 9,000,000 horsepower in her

²⁴ Alfassa, Chinard, *op. cit.*

²⁵ Alfassa, Urban, Boret, Heriot, Lysis, *op. cit.*

waterfalls, as compared with 1,500,000 horsepower in Germany and 1,000,000 horsepower in Great Britain.²⁶ Her water power can furnish the equivalent of 80,000,000 tons of coal, or 20,000,000 tons in excess of her output in 1913. In 1902 only 200,000 horsepower was developed, and in 1913 only 738,000 horsepower.²⁷ The water-power resources are of great industrial significance, because France does not produce enough coal. Before the war her annual output was 40,000,000 to 42,000,000 tons, whereas Germany produced about 200,000,000 tons and England 265,000,000 tons. The annual consumption in France was 60,000,000 tons and will now probably rise to 80,000,000 tons. To make good the shortage she will either have to import coal in exchange for iron ore, which she has in abundance, or else exploit her hydro-electric power in the regions of the Alps and the Pyrenees.

With her abundant waterfalls, France could develop electric light and power for use in the home, in agriculture, in metallurgy, as in the production of ferro-alloys, abrasives, and aluminum, and in industrial chemistry, as in the manufacture of nitrates and fertilizers. This in turn would permit more intensive farming and higher yields per acre. Indeed, France should become one of the leading electro-chemical and electro-metallurgical countries of the world. Development in this direction will necessarily be accompanied by the growth of the manufacture of electrical goods, as motors, generators, transformers, and measuring instruments. In this field Germany was supreme: her exports of electrical supplies to England, Holland, and Belgium constituted a large percentage of her total trade with these powers. If France utilizes her natural resources, she should attain an important place in this industry.²⁸

(2) *Scientific Management*. "Method in industry rather than oratory in politics" will solve the French industrial problem. The application of science to industry, the organization of veritable armies of scientific workers in the ranks—this was the basis of German progress, and this should be the keynote of French industrial policy.²⁹ The shortage of labor after the war will require the use of automatic machinery and the instruction of the laborer

²⁶ Lysis, "Pour renaitre," ch. 7, "Notre richesse."

²⁷ Maurice Alfassa, op. cit.

²⁸ *Journal des Débats*, Feb. 2, 1918.

²⁹ Lysis, "Pour renaitre," chs. 6, 8.

in methods of work.³⁰ It will be necessary to avoid all wastes of matter or energy, to lay out plants, buildings, and machinery so as to eliminate lost motion, to use mechanical conveyors and gravity distributors as a substitute for hand labor, to install devices for mechanical firing and complete combustion. Labor will have to be coördinated, and scientific methods will have to be introduced at the plant. The bewildering variety of cars, locomotives, rails, motors, turbines, even of structural shapes will have to be reduced to a standard. America has taught France a valuable lesson. The Taylor system must be introduced. Intensive production lowers costs. These elementary notions, familiar to Americans, are new concepts for the French.³¹ The conservatism of capital and the opposition of labor will have to be converted to mutual aid in the national interest.

Foreign Trade. The foreign-trade program of France calls for a limitation of imports and a stimulation of exports, in order to prevent a too unfavorable balance of trade. This is especially necessary in view of the fact that even before the war France had an adverse commodity balance: her imports exceeded her exports. Only a compensating favorable invisible balance, arising out of interest on foreign investments and out of tourists' traveling expenditures, prevented the franc rate of exchange from falling before the war. With her foreign investments reduced and huge foreign debts accumulated, France will have less of interest credits and more of interest debits.

Realizing that the war has increased the economic strength and capacity of the United States and of Great Britain, a market for whose products will have to be found, France expects severe competition, especially in neutral markets. The Minister of Foreign Affairs will therefore be called on to endeavor to create new markets for French goods by encouraging French youths to emigrate, by pursuing researches in foreign trade, and by spreading the French influence through the press, chambers of commerce abroad, and the achievements of the schools and laboratories at home.³²

³⁰ Henri Urban, *op. cit.*

³¹ Louis de Launay, *Revue des Deux Mondes*, July 1, 1918. R. de Fleury, "La production industrielle intensive; son influence sur le prix de revient," Paris, Dunod & Pinant, 1918.

³² Alfassa, *op. cit.*, July 1, 1917; Biard d'Aunet, "Pour remettre de l'ordre dans la maison," Payot et Cie., 1916.

(1) *The Economic Boycott.* Paradoxical as it may seem, French opinion seems to be strongly opposed to the "Paris resolutions." Economists do not deceive themselves into believing that an economic blockade, difficult to maintain even in times of war, is possible in times of peace. Further, they do not expect that patriotism will move consumers to buy goods at high prices of their present allies, if goods of the same character are to be had more cheaply of their present enemies.³³

In fact, Frenchmen protest vigorously against the British so-called four-ply tariff, under which the British colonies would have preference in trade, the Allies of the present would be favored, the neutrals in the war would receive no special consideration, and the present enemies would be discriminated against. France is opposed to raising the cost of living by means of tariffs on necessities. However, Frenchmen are equally stout in refusing to restore the old economic freedom under which France became dependent on other powers.³⁴

(2) *Difficulties of an Economic Alliance.* The absurdity of a customs union limited to the present Allies which would attempt to satisfy their needs, hitherto supplied freely by the entire world, is exposed in a French analysis of the difficulties, both economic and political. Fundamentally, the project for such a customs union assumes that within the alliance there will be as nice a balance of interests, commercial and agricultural, as previously existed among all the nations of the world. Even a superficial view will expose this fallacy. England, a manufacturing country, gets her wheat from Canada and will not be able to take all of Russia's supply. Similarly, Canada naturally traded very extensively with the United States. Can she be coerced to shift this trade to the mother country? Aside from the difficulties within the Allied group, the attitude of the neutrals must be considered. Even if it is assumed that these preferences and special alliances have a possibility of working, will not the neutral sources of supply, forced out of the alliance, turn to the central European group. Their trade will be hampered and their independence curtailed. Moreover, political dependence within the group would necessarily follow the economic dependence artificially fostered.

In addition to the political difficulties outlined above, it is a

³³ Lysis, "Vers la démocratie nouvelle."

³⁴ Herriot, "Agir," ch. on "L'entente économique des Alliés."

fundamental economic truth that the balance of needs and satisfactions which grew out of a world-wide commerce cannot be struck as well within a smaller group of powers. The Central Powers have a world monopoly of some commodities, few as they may be. Further, by reason of industrial skill and industrial traditions they have produced some special articles of high quality at very low cost. Again, the lack of equilibrium in the movement of freights will impede the operation of any customs union which is less wide than the world itself. For if heavy raw materials should move one way only and cargoes should be lacking for the return voyage, the cost of transportation and therefore of manufacture would rise. Finally, the purely physical aspect of an alliance in which France and Russia would be included and Germany excluded presents difficulties. Freight between France and Russia would either go overland and therefore be under German control, or else it would have to be moved by artificial and less economical routes, as by the Mediterranean or the North Sea.³⁵

Banking. The duties of the French banks as the French bankers view them are to raise the moratorium, to repair the waste and ravages of war, to readapt Alsace-Lorraine to French industrial life, to exploit the country's resources, as water power, mines, and agriculture, to finance public works, and to extend foreign trade.³⁶ To accomplish these and other financial aims, French economists urge a study of the German methods used in intensifying production, in extending foreign commerce, and in organizing industrial activity. However, they ask that individual initiative be left free and that the State merely stand ready to aid but make no attempt to replace private enterprise, the free play of which will be so necessary to restore the economic life of France.³⁷

(1) *Domestic Versus Foreign Investments.* For years before the war the prevailing doctrine in France was that foreign investments constituted a reserve fund which might be drawn upon when needed. The war has discredited this doctrine, not only because much money was impounded and lost in enemy countries, but also because investments in neutral countries proved to be unsalable in a crisis. At the beginning of the war France had

³⁵ V. Boret, "La bataille économique de demain."

³⁶ Jean Buffet, in a pamphlet on the subject.

³⁷ Henri Urban, *op. cit.*

45,000,000,000 francs invested which she could not liquidate.

But a far more important question is the industrial aspect of foreign investments. A country's true riches consist not in its foreign investments but in its plants, the sources of its production. A hundred francs invested abroad may yield annually five francs in interest. A hundred francs invested in France will not only yield interest, it will pay wages, to support the French population, and will bring a profit as well.³⁸ As Raymond Poincaré pointed out in an address to the deputies, France invested 20,000,000,000 francs abroad and only 9,000,000,000 francs at home in the five-year period from June, 1909, to June, 1914. To use the analogy of Lucien Brocard, France is like a business man who puts his capital at the disposal of his competitors and lets his own business stagnate for lack of resources. Again, as M. Ribot put it, in an address before the Chamber on May 17, 1915, "A great country does not live on interest and dividends from foreign securities. It lives on labor and on industry. To use the extent of foreign investment as a measure of a country's riches is deceptive. Not an abundance of capital, which it can export, but a spirit of enterprise, which develops the means of production, is the measure of a country's riches."

Banks should not be permitted to seek a maximum profit with a minimum of effort, in utter disregard of the national sentiments.³⁹ In a memorandum on the subject the Federation of French Industries and Trade advocated the doctrine that inasmuch as France will need to resume her economic life speedily, she should take measures (*a*) to invest French capital at home, (*b*) to prevent foreign investors from getting control of French industries, and yet to induce foreign capital to enter the country, and (*c*) to restrict the outflow of French capital to foreign countries.⁴⁰

French money will have many channels of investment at home. Shipbuilding, the extension of ports and canals, the utilization of the resources of the country, the rebuilding of the destroyed industries, the resumption of industrial activity, the development of the newly established industries which are freeing France from

³⁸ Herriot, *op. cit.*, chs. 2 and 3.

³⁹ Lysis, "Agir," ch. on "Le devoir des banques."

⁴⁰ V. Boret, *op. cit.*, p. 157.

foreign vassalage, and the transformation of war plants to peace uses all will call for credit. The French banker has hitherto been too conservative. The banks were chiefly institutions of deposit and were so restricted in their scope that, while German exports more than quadrupled, French exports hardly doubled in the 20 years before the war.

(2) *Banking Facilities.* Various means have been advocated to increase domestic investments. Some think that there ought to be an amalgamation of banks throughout the country, whose activities should have the moral support of the State. Others think that the problems of public finance, of inflation, of foreign exchange, and of the debt will leave the Government little opportunity to do what a union of banks and industrial companies should accomplish. Still others would create a new great bank which, like the German banks, would act as a bond between industry and finance and would control and guarantee the activities of existing French banks. Finally comes the suggestion of the union of the great banks of the Allied countries to undertake in common the work of erecting a new international financial structure. In the words of M. Briand, "We need a new union based on common economic interests to insure the intensive development of material resources and the exchange of the products of Allied countries."⁴¹

Public Finance. The war was accompanied by a tremendous destruction of wealth, which was made possible by the sale or pledge of investments abroad and extensive borrowing in foreign markets of the money needed to pay for an enormous excess of imports over exports. Purchasing during the war was based not on economic considerations, but on military necessity. As a result the belligerents became poor, their exchange rates depreciated, and the neutrals grew rich. Inflation of currency depressed exchange still further. Any single nation in this state would be in bad financial shape, but as most of the great nations, the belligerents, are in the same difficulty their status is not much altered with respect to one another. If the Allies pursue a wise common policy, the exchange of the neutral countries will fall toward normal, especially as the purchases of neutral goods will be less than in war time. If the neutrals should buy as agents of the Central

⁴¹ V. Boret, *op. cit.*, pp. 105, 113, 116, 119, 154, 157; Lysis, *op. cit.*, p. 338.

Powers neutral exchange will fall, or the Allied exchanges will rise more rapidly. Loans from neutrals may be necessary to finance purchases of them and possibly to stabilize exchange. The national credit may have to be maintained by mortgaging the country.

The question of the public debt and of taxation will assume varying aspects, according as prices rise or fall. If they rise higher taxes may be levied, as the national revenue will rise proportionately with the rise in prices. This condition will be favorable toward paying off the loans. If, however, prices fall, it will require more goods and services to repay the same number of francs than were received by the State during war time. The annual income of France before the war was 25,000,000,000 to 30,000,000,000 francs; the budget was about 6,000,000,000 francs, calling for about 20 per cent in taxes. The budget has since risen to 15,000,000,000 francs and will necessitate an increase of taxes to 50 or 60 per cent. Too high a tax may dry up the sources of wealth and discourage saving. The only alternative is to develop the national resources and to broaden the bases of taxation so as to include taxes on monopolies and on mining or industrial exploitation. It may even be necessary to extend the war measures of state participation in private profits. Taxes on war profits will have to be replaced by taxes on profits in excess of a certain percentage on the investment, due allowances being made for extensions and betterments, which may become the source of taxable revenue in the future.

Some economists fear the failure of old methods and the danger of piecemeal adjustments. They say that new conditions call for new solutions. They therefore advocate a capital levy, owing to the disproportion between the debt and the national income. It is of course not intended to pay off the debt in currency. This would be inadequate, for as against 6,000,000,000 to 7,000,000,000 francs of circulating medium the national debt is over 100,000,000,000 francs. There are many other difficulties in the way. It would not do to attempt to appraise the national wealth tied up in real property or negotiable instruments for the purpose of sale. As the State would be the only buyer and there would be many sellers, there would be a tremendous depreciation of values. To issue currency based on mortgaged assets would lead to the inflation that Germany expe-

rienced as a result of her Darlehnskassen, to say nothing of the difficulty of retiring the circulation thus issued. In spite of the difficulties serious thought is being given to the subject.⁴²

State Control. France, in which so many things are already controlled directly or indirectly by the State, expects an extension of this control. As the State for purposes of taxation will share in the profits, it will necessarily have to foster industry. It should coördinate all forces to one end, as Germany did, by having the State encourage the development of public works, of a merchant marine, and of foreign trade, technical education and research, and the control of capital issues, for domestic and foreign investment. France must depart from the policy of *laissez faire*. The State should direct industry, agriculture, and the development of the resources of the country, so as to aim at a large degree of economic self-sufficiency.⁴³

France with a new energy and with resolute spirit will be able to rise from the ruins of war. But she needs knowledge as well as will power. With a renaissance in education and with a diffusion of technical knowledge, her army of scientists will constitute a skillful hand to put the new policies into effective operation.

⁴² Maurice Alfassa, *Problèmes de finances publiques et privés*, in the series *La préparation de l'après guerre: La Nouvelle Revue*, Dec. 15, 1917.

⁴³ Lysis, "Pour renaître," ch. on "Le nouvel état."

CHAPTER III

SOME ASPECTS OF THE LABOR QUESTION IN GERMANY

EFFECTS OF THE WAR

Industrial Conscription. As in England, the after-war labor problem in Germany is twofold. It is affected by the transition from war to peace—an immediate contingency. Further, it will determine the reconstruction policy—the place of labor in the new social order. Both these aspects are intimately connected with the war-time changes in labor conditions, as well as with the pre-war status of the German laboring class. Two of the important war-time phenomena were compulsory industrial service and the extension of the activities of women in industry.

In order to understand the German proposals for industrial service under discipline as an element in the after-war program, one must bear in mind that Germany's National Civilian Service Law went into effect December 5, 1916. Under its provisions every male German between the ages of 17 and 60 years who had not been called up for service with the armed forces was liable for national civilian service during the war, except only those employed in the service of the Government or of a public authority, in war industry, in agriculture or forestry, in the care of the sick, in war organizations of any kind, or in concerns which were directly or indirectly of importance for the prosecution of the war or for the supply of the population with necessities, in so far as the number of persons so exempted was not in excess of actual requirements. The Reichstag debate on this bill developed its underlying principles. Every man must work, and the State shall have the power to say where he shall work without regard to any consideration but that of the public good. The State's welfare must be paramount, but all possible regard is to be paid to the convenience of the workers. The administration of the law must rest in military hands to secure swiftness of

enforcement; but proper judicial procedure, in which employers and employed will take part, will temper the coercion that may occasionally have to be applied. The law was not to interfere with the right of labor to organize, nor would the workmen under it be subject to military discipline unless they were transferred to the army.¹ The law was subsequently made more stringent, requiring all persons between 17 and 60 who were not in the army or navy or who were exempt from military duty to register at very short notice.

Not only did industrial conscription apply to adults, but even juveniles were drafted for agricultural and industrial work.² In view of the shortage of farm labor in the eastern provinces, the War Economic Bureau sent thither great numbers of youths from the western districts. Provisions were made for medical examination of the boys as to their fitness for the tasks and relating to their food, surroundings, and health during their work. Each boy's wages was 7 marks weekly, of which 1.50 marks was paid to him and 5.50 marks was sent to the War Economic Bureau. The employer paid expenses of transportation both ways and likewise provided insurance against sickness and accident.

The arrangement put into effect with industrial employers was similar, except for minor changes in the distribution of wages. The guardians, who accompanied the boys, were paid from their wages and the surplus was turned over to the National War Relief Fund.

Women in Industry. As in other countries, the labor problem in Germany is complicated by the fact that great numbers of women have been drawn into industry as a result of the labor demand during the war. The extent of this movement is indicated in the fact that "during the second quarter of 1914 there were 7,265 women employed in German mines, whereas during the fourth quarter of 1916 the number rose to 37,563, most of whom took the places of men at occupations in many of which men alone had been employed."³ Estimates for the entire nation show that whereas in 1907 there were 4,600,000 women entirely dependent (and 2,700,000 in agriculture partly dependent) on

¹ *Board of Trade Labor Gazette*, February, 1917.

² *Vossische Zeitung*, Dec. 1, 1917. *Schlesische Zeitung*, Dec. 23, 1917.

³ *Bulletin du Ministère du Travail*, Paris, April-May, 1917.

their own labor, at the end of 1917 there were about 9,000,000 women so employed. The figures of the Sickness Fund of the Imperial Statistical Bureau, which cover 70 to 75 per cent of the total, show that at the end of 1914 there were 7,500,000 men and 4,250,000 women included, and in September, 1917, there were 5,167,000 men and 5,500,000 women.

A German document of August 11, 1917,⁴ reveals violations of the labor law, in which women worked 15 hours daily and in some few cases 24 hours at a stretch and in which night work and hard labor were required of weak, nervous, and pregnant women, resulting in an increase in tuberculosis, a laxity in family life, and a decrease in births, as shown in the following schedules:⁵

	Living births	Total deaths	Excess of births over deaths
1913	1,839,000	1,005,000	+834,000
1914	1,820,000	1,236,000	+584,000
1915	1,416,000	1,453,000	—37,000
1916	1,103,000	1,331,000	—228,000

More recent average weekly figures for a typical city (Leipzig) show a similar striking tendency:

	Living births	Total deaths	Excess of births over deaths
1914	24.6	15.0	+9.6
1917, 1st quarter ...	13.7	23.0	—9.3
1917, April	12.1	21.9	—9.8

NOTE.—The birth statistics of the *Economist* are corroborated by *Soziale Praxis*, Oct. 18, 1917, which says, "It is worthy of note that the maternity funds report a marked decline in the number of births since 1914. In many districts the outlay on maternity aid diminished by more than one-half between 1915 and 1916."

The after-war problem of women in industry is not merely industrial but also social. No doubt after the war some women will return to their homes, but some will have to remain to fill the gaps in industry or to help meet the increased cost of living and some will remain because of the satisfaction they found in their work. The seriousness of the problem is fully appreciated in Germany.⁶

⁴ *Europäische Staats und Wirtschafts Zeitung*, Dec. 1, 1917.

⁵ *London Economist*, June 9, 1917.

⁶ E. Francke, The German woman in war-time industry: *Europäische Staats und Wirtschafts Zeitung*, Dec. 1, 1917.

EMERGENCY MEASURES—DEMOBILIZATION

Number of Men Involved. The largest labor question of immediate concern after the war is the problem of demobilizing the army, the munitions workers, and the women and juveniles in industry. According to a compilation made by the Havas News Agency,⁷ Germany had a total of 5,500,000 men at the front and another 1,000,000 in the interior, either wounded, guarding railroads, or engaged in other military duties. Other figures⁸ show a mobilized force of 7,000,000 men, and a third compilation⁹ credits the Germans with 4,500,000 men under arms.

Outline of Plans. The subject has been discussed extensively in Germany. One writer¹⁰ states that demobilization will have a most profound effect on labor and industrial conditions. After no previous war have the authorities taken into account the relation of demobilization to industrial needs. The demobilization program called for may be summed up as follows:¹¹ It should take place immediately after the conclusion of peace and should provide a period of rest and recuperation for the soldiers, insurance for the unemployed, reliable employment bureaus for the workers, improvement of the system of pensions for old age and sickness, and a housing scheme. The men are not to be demobilized by geographic divisions, by regiments, by branches of service, or by age. The basic principle of demobilization is to be the industrial need. This is true not only in Germany, but also in Austria, whose war minister stated¹² that arrangements would be made to release first of all a moderate number of specially qualified persons for the restoration of business activities, and then men belonging to certain callings, such as transportation, shipbuilding, and mining.

Private industry might find itself limited in its labor demands, but the needs of governmental industries would be great and would include such activities as the repair and renewal of rail-

⁷ *Wall Street Journal*, Dec. 11, 1917.

⁸ *New York Times*, Oct. 23, 1917.

⁹ G. Stanley Sedgwick, *New York Times*, Dec. 27, 1917.

¹⁰ Martin Wagner, Demobilization and reconstruction: *Europäische Staats und Wirtschafts Zeitung*, Dec. 15, 1917.

¹¹ *Vossische Zeitung*, Dec. 9, 1917.

¹² *Berliner Tageblatt*, Dec. 12, 1917.

way tracks, structures, and rolling stock, the restoration of ruined places at home and in the colonies, and the resumption of state and imperial industries. The need for recouping the exhausted supply of military armaments and the need for an increased production of domestic raw materials will call for certain classes of labor as soon as peace is declared.

Limitations of Method. A basic factor determining the rate and order of demobilization will be the lack of raw materials, as in the textile trades, for instance, the workmen in which will have to remain with the colors until this lack is remedied. In much the same way, the lack of demand in some trades will compel the postponement of the demobilization of the groups of workers connected with those trades. Finally, inadequate financial facilities, the lack of liquid capital in industry, as well as the scarcity of credit available at the banks, will affect the rate and the order of demobilization.

A Unique Program. One proposal¹³ calls for the formation of a "producing company," a sort of industrial army, divided into vocational regiments and strengthened by a suitable discipline, which would utilize all the unemployed demobilized men. It would constitute a clearing house of labor for the building industries, for agriculture, and for export work. In other words, demobilization from military life would lead to economic mobilization with the "producing companies." To the originator, the adoption of this compulsory service plan after the war seems justified by the success of the scheme of national civilian service during the war. Although it might entail some limitation of freedom and pay the worker a low salary, yet it would offer relief from unemployment and aid in the reduction of the national debt. More practical is another scheme,¹⁴ which calls for a very gradual demobilization during which most of the military units would continue in existence until industry had become strong enough to find employment for the six to nine million persons in excess of those employed to-day. From time to time only so many men would be discharged as could be absorbed by private business.

Employment Exchanges. To facilitate the absorption of work-

¹³ Martin Wagner, *Europäische Staats und Wirtschafts Zeitung*, Dec. 15, 1917.

¹⁴ W. Eggenschwyler, *Die Bank*, September, 1917.

ers into industry, one writer¹⁵ demands an organization of employment exchanges so that every town having a population of over 5,000 is to have a municipal labor exchange. These exchanges are to be grouped by industrial districts into central offices, over which in turn there are to be provincial bureaus, and the system is to be capped by an Imperial Employment Exchange attached to the Ministry of the Interior. The war relief is to be continued throughout the transition period to those who have been impoverished by the war. Discharged soldiers who have found work shall not be dismissed from their positions without reasonable cause, and transition relief shall be extended for as much as six months, if the raw material for the industry shall not have become available.

It is suggested¹⁶ that disabled officers who are physically and mentally fit to teach be placed in the trade continuation schools. Of course, the candidates must have had experience in a trade and would have to undergo special training in preparation for teaching.

*Public Works and Contracts.*¹⁷ Employment agencies must, however, be supplemented by provision for employment. In previous periods of unemployment emergency works were utilized for this purpose, and in the fall of 1914 the war contracts accomplished the same object. In the transition period contracts on public works must take the place of Government war work in order to hasten production and to prevent the unemployed from becoming dependent on poor relief. To such public contracts and undertakings belong:

(1) The immediate requirements of the Imperial, State, and municipal administrations in the following respects:

(a) Construction work, above and below ground, streets, roads, buildings for railways, canals and harbors, coast construction, and waterworks.

(b) Land improvements—for example, irrigation and drainage of fields, cultivation of heaths and marshes, afforestation.

(c) Railways—for example, rails, engines, cars, fittings, coal, oils, and lighting systems.

¹⁵ Dr. Blaum, "Relief During the Transition Period," summarized in *Kommunale Praxis*, Sept. 1, 1917.

¹⁶ *Deutscher Hilfsbund*, Oct. 7, 1917.

¹⁷ *Correspondenzblatt der Gewerkschaften*, June 8, 1918.

(d) Post, telegraph, and telephone services—for example, carriages, leather equipment, apparatus, lines.

(e) Shipping—for example, shipbuilding, machinery, fittings, coal, oil, and ship supplies.

(f) Military and naval requirements—for example, fortified buildings, barracks, training grounds for troops, ships, airships, guns, arms, equipment, uniforms and victualing.

(g) Tramways—for example, buildings, rails, connections, cars, equipment, employees, uniforms.

(h) Schools—for example, buildings, fittings, maps, books, teachers' requirements, supplies.

(i) Infirmaries, hospitals—for example, buildings, fittings, apparatus, medicaments, clothes, linen, foods.

(j) Reformatories and prisons—for example, fittings, uniforms, linen, foods.

(2) The authorities are to draw up lists of articles required by individuals and to encourage their production. Among such articles are the following:

(a) Houses and homesteads in the settlement colonies.

(b) Furniture and household utensils for those starting house-keeping.

(c) Clothing and footwear for those in need.

(d) Food.

(3) The authorities can increase opportunities for work by extending the principle of coöperative management—for example, in supplying power and light, in supplying foodstuffs and houses, and in cultivating the soil.

(4) Corporations for the public welfare—for example, sick benefit offices, coöperative trade societies, insurance companies, churches, and charitable endowments—can stimulate industry by their demand for buildings and repairs.

The most essential thing is to carry on first those occupations which do not require raw materials—for example, mining, cultivation of the soil, and the development of power. They may be taken in hand immediately after the war. All the labor they require may be allotted to them. The production of home raw materials, such as timber, stone, lime, gravel, slate, clay, and coal, is to be accelerated as far as possible by the early discharge from the army of the necessary business managers and skilled workers. Enterprises that require little material and much labor should be first resumed—for example, repairs to public buildings, upkeep of railways and tramways, reorganization of factories

and workshops, reassembling and repairing motors and working machinery, remodeling military supplies so as to adapt them to the requirements of peace.

An Official Policy. Not only have unofficial schemes been aired, but definite official action was taken early in 1917. The outline of a report of the Reichstag Committee of Commerce and Industry,¹⁸ based on the proposals of its subcommittee, treats of important questions affecting labor during the transition period.

The report is divided into three parts—(1) military demobilization; (2) the placement of workers; and (3) relief for the unemployed.

The Chancellor is invited:

1. To arrange that after demobilization soldiers be not retained in the service against their will beyond the time demanded by military consideration.

2. After demobilization, to apply the following principles:

(a) Demobilization should be so regulated as to release immediately technical men, specialists and executives, whose presence is indispensable for the resumption of normal economic life and for the maintenance of the activity of important establishments. In addition preference is to be given to persons trained in industries in which the lack of manual labor is particularly felt. In a general way, it is advisable to avoid all delay in demobilization. Soldiers should not, under the pretext that there is no work, be retained in mobilized units beyond the time demanded by military considerations.

(b) Demobilized men should be returned to their homes, or if they have obtained work to the place of employment.

(c) The military authorities are to direct them to employment bureaus and to make available facilities for communicating with them.

(d) The demobilized soldiers will for one month continue to receive their usual pay, in order to get a fresh start and to put their affairs in order.

(e) Soldiers whose health is seriously affected and who leave the army shall receive a furlough of sufficient length to recuperate. If necessary, they shall be cared for at a sanitarium at the expense

¹⁸No. 875, dated Jan. 24, 1917; reprinted in *Arbeitsnachweis in Deutschland*, June 20, 1917, and in *Bulletin du Ministère du Travail et de la Prévoyance Sociale*, Paris, August and September, 1917.

of the Empire. The same provision applies to Germans interned abroad when they come back.

The Chancellor should study the means of eliminating unemployment, by opening new bureaus of labor exchange and an Imperial Employment Office. Soldiers who have families should be given employment in the same establishment where they were employed one year before the war.

The proposals include the continuation of allowances to soldiers' families and the employment of cripples. During the period of transition unemployment relief shall under certain conditions be paid out of the funds of the Empire to those demobilized laborers for whom it is impossible to find suitable work.

According to instructions furnished by the Prussian Ministry of War, the Government must study the means needed to prevent unemployment before demobilization and to procure new manual labor for those industries which are most necessary for industrial activity.

The return of an army to normal life at the end of the war can take place only gradually. No one can foresee the delays, but the disbanding should be regulated by the urgency of the industrial need. Soldiers should not be released before finding work. Rather should they remain with the colors. The older men should precede the younger, and the married men should precede the single.

Those trades that are most important from the economic point of view should receive first attention. Demobilization should be carried out in the following order:

(a) Leaders in the field of commerce, industry, shipping, or general economic life.

(b) Directors of undertakings, commercial, industrial, or agricultural, and their employees, and engineers, foremen, and superintendents.

(c) Artisans and farmers, working for themselves.

(d) Officials of the state or city, clergymen, teachers, employees of railways and public utilities.

(e) Seamen and fishermen.

(f) Skilled workingmen, if they have immediate employment.

(g) Unskilled workers in all industries in which there is a pressing demand, as in the mines, on farms, in shipping, and on docks and wharves.

(h) Students and those preparing for a profession.

(i) Germans who came from abroad and wish to return.

It was felt that there will not be any serious unemployment after the war, at least not for the first few years. On the con-

trary, there will probably be a shortage of help. The problems involved in the redistribution of labor, the re-hiring of men, and the retiring of female and juvenile labor are to be studied by the Ministry of Labor and by interested organizations, like cities, and trade unions.

The Committee of Commerce and Industry of the Reichstag, in the session of May 10, 1917, adopted the following resolution:

(1) The Chancellor is requested, during the transition period, to put into effect the following:

(a) That all existing employment bureaus and new ones be opened wherever necessary.

(b) That central offices be organized by districts so as to balance the local supply of and the demand for labor.

(c) That the National Office act as a clearing house for the various local offices.

(d) That facilities for communication be opened, by mail, telegraph, and telephone; that the local offices have the privilege of granting free transportation to soldiers in order to enable them to secure the right job before actual demobilization.

(2) The Chancellor is requested to present to the Reichstag, as soon as possible, a plan to assure the regulation of employment, giving representation to both employers and employees in this task.

Conclusion. Germany has given serious thought to demobilization, although her problem is simpler than the American or French. She will not have to transport her army across the seas, nor will she have the devastations of frightfulness to repair. She may return to productive industry earliest among the warring powers.

DEMOBILIZATION IN AUSTRIA

Considerations and Plans. Austria is in particular concerned over demobilization and its problems, for the "peace" on her east illustrates the economic disturbances which may arise from a general demobilization. "A necessary preliminary to systematic demobilization is that a complete, accurate, and up-to-date register of all persons connected with the army should be kept, arranged according to their civil employment. In demobilization the national economic interests must be preferred to all private

interests. The immediate labor requirements of the State, provinces, and communes on the conclusion of peace should be ascertained now, and arrangements should be made for the discharge of men connected with transport, building, and similar trades. Generally speaking, industries engaged in producing the means of production should have precedence. The order of release from the army should be decided throughout by the civil employment of the men. Military demobilization should be synonymous with economic mobilization."¹⁹

Official Demobilization Proposals. A report was made by the socio-political subcommittee on the demobilization of the army personnel of the main Committee on War and Transition Economy in Vienna. The subcommittee submitted the following propositions:

The Committee approves the plan adopted by the Ministry of War in connection with demobilizing the army personnel, which is to be carried out according to the following general principles:

(1) As soon as the order is proclaimed, demobilization shall be actually carried into effect as quickly as the military requirements and the transportation facilities permit. In the various military branches of service, demobilization should take place in accordance with the annual classes, the oldest to be released first.

(2) In order to insure the speediest return to normal administrative and industrial conditions

(a) All men formerly engaged in land and sea transportation, shipbuilding yards, engine and wagon works, employment organizations, and mines, so far as they have not already been returned to their work, are to be released as soon as the demobilization order is issued.

(b) A sufficient number of specially qualified men are to be released promptly in connection with the resumption of normal production. These men are to be chosen by a commission composed of an equal number of representatives of employers and employees, in the various branches of industry, under the general management of a similarly constructed Government commission.

¹⁹ Dr. Krakauer, "Die Zeit," quoted in *British Board of Trade Journal*, Apr. 18, 1918, p. 484.

(3) All members of the forces who at the time of demobilization are not able to find employment in their particular craft or calling, after having made application at an employment exchange, should be allowed, on requesting it, to remain in military service for three months at the utmost after the release of their particular age group. During this period opportunity is to be given them to find employment.

To facilitate reemployment Austria has already taken legislative steps. An Imperial decree of Feb. 29, 1916, provides that any commercial employee who on July 25, 1914, had been at least one month in a position and during that period had been called to the colors has a legally valid claim to resume that position when peace is declared. The only establishments that are relieved of the obligation to reinstate their former employees are those which after July 25, 1914, were, owing to the war, compelled to close partly or entirely and are still unable to resume operations.

Demobilization of Material. Although demobilization of army material should be treated under another heading, it is considered here under labor as part of the general scheme of demobilization.

A Central Office has been created in Austria under the Ministry of Finance to catalog and husband such material as can be dispensed with by the military authorities. Several branch offices will be established, which will deal with the sale of these effects and will make sure that their full value is realized and that no persons receive preferential treatment in the disposal of them.

Two organizations have been created—the joint Austro-Hungarian Distribution Commission, which divides the material between the two countries, and the Hungarian Inter-Ministerial Commission, which distributes the Hungarian quotas among the various branches of industry. The Hungarian Minister for Transition Economy has now published an order providing for the establishment of a company called the War Material Utilization Institute, under the control of the Government and the Inter-Ministerial Commission. The capital is to be 10,000,000 kronen, and dividends are to be limited to 5 per cent, any further profits

being used for the benefit of agriculture, industry, and trade.²⁰

*Comparison of German and Austrian Demobilization Plans.*²¹ Both German and Austrian trade unions are agreed that after peace is concluded no worker should be kept in the army longer than is absolutely necessary for military reasons; but in regard to the exact process of demobilization they differ. The Austrian trade unions demand discharges according to age, preference to be given only exceptionally to specially important groups of workers; the German trade unions insist that the first consideration should be given to particular callings and particular groups of workmen. The motive that weighs with the Germans is the desire to bring about the economic revival as quickly as possible. With regard to the problem of work for the discharged soldiers, the Social Democratic policy is not to keep them in barracks till they have found some means of supporting themselves, but to enable them by Government assistance to resume their duties as citizens. The ways in which the Government can assist are by cheapening the cost of living, granting wage bonuses or fixing prices, supporting the unemployed, continuing military pay for one month after discharge, granting sick leave and, where necessary, expenses of a stay in a health resort, establishing employment offices with equal representation for employers and employed, granting free transportation home or to places of employment away from home, protecting soldiers' families against creditors by extending the period of payment and prohibiting the too hasty sale of pledges, and, lastly, instituting social reforms and making provisions for adequate housing.

CONSTRUCTIVE POLICIES

*The Chambers of Labor*²²

But not alone have the immediate after-war problems been discussed. The bases of permanent industrial peace are being

²⁰ Pester Lloyd, quoted in *British Board of Trade Journal*, Apr. 18, 1918, p. 484.

²¹ See an article by Julius Deutsch, of Vienna, in the Austrian labor periodical *Der Kampf*, quoted in *Bremer Bürger-Zeitung*, Nov. 16, 1917.

²² *British Board of Trade Journal*, June 6, 1918, p. 699. *Vorwaerts*, Dec. 2, 1917. *Vossische Zeitung*, *passim*.

laid in the formation of chambers of labor—organizations of employers and employees—bodies similar to the Joint Standing Councils in England and unlike anything we have yet developed in the United States. It is realized in Germany as well as in England that economic reconstruction is impossible if friction between capital and labor is neglected.

(1) *Previous Attempts to Establish Chambers.* This is not the first time that chambers of labor have been considered in Germany for the solution of labor problems and the prevention of disputes. They were demanded by Bebel in 1877 in a bill which he presented to the Reichstag. In 1885 the demand was again formulated by another prominent socialist; and since that date it has been constantly reiterated in the program of the Social Democratic party. In 1900, 1907, and 1909 the demand was again embodied in very comprehensive bills. All these efforts were defeated.

(2) *Function of Works Committees.* The suggested chambers of labor appear to have many points in common with the works committees which have existed in Germany for many years. Committees composed of elected representatives of the workers in industrial establishments were in existence before 1891. The Imperial law of 1908 amending the industrial code made it obligatory for every factory or works employing 20 or more workers to draw up a code of factory rules and made such rules invalid unless the workers of the establishment had been given an opportunity of stating their views upon them. The committees chosen by the workers were, in practice, workers' welfare committees.

Under the Home Workers' Act of 1911 the Bundesrat authorized the establishment of trade committees in certain branches of industry and in certain localities where home workers were employed. The functions of these committees were to report to the state and local authorities on industrial and economic conditions in their trade and district, to discuss schemes for improving these conditions, to coöperate in the administration of such schemes, and to collect information at the request of the state and local authorities. The National Civilian Service Act of December, 1916, made it compulsory for all industrial concerns which are engaged in work of national importance and in which 50 or more workpeople are employed to constitute works committees and maintain them permanently. The members of the

committees are to be elected by the workers by direct and secret ballot, according to the principle of proportional representation.

The function of the committees, as defined by the act, is to promote harmony among the workers themselves and between them and the management. It is specifically the duty of a committee "to bring to the knowledge of the management the proposals, wishes, and grievances of the workers relating to the conduct of the business, to wages and other labor conditions, and to the general welfare of the business and to express its opinion thereon."

However, no measure of autonomy is granted to these committees. They cannot meet otherwise than under the chairmanship of the employer or his representative. The employer calls together the members and conducts their discussions, although he cannot vote. Preliminary discussions before meetings are allowed in the absence of the employer, but no vote can be taken save in his presence.

(3) *Chambers of Labor Bill*.²³ The bill of 1910 provided for the creation of labor boards on purely occupational lines. In view, however, of the growth of trade organizations of workmen and of the general recognition accorded to them, the interest in occupational representation of the workmen has greatly diminished, while the need for general territorial representation of the workmen to guarantee and safeguard the general social interests of all occupational groups has become more urgent. The proposed labor boards to represent labor interests proper became necessary because otherwise the workmen would be at a disadvantage as compared with the employers, to whom legislation had already given official representation in the form of chambers of commerce, chambers of handicrafts, and chambers of agriculture. The experiments attempted during the war have taught the workmen that this task of maintaining industrial peace requires legal regulation and the creation of official institutions.

The leading provisions of the Chambers of Labor Bill follow:

SEC. 1. Chambers of labor shall be set up on a vocational basis for the employers and employed in any branch of industry, or in

²³ *Correspondenzblatt der General Kommission der Gewerkschaften Deutschlands*, vol. 27, No. 49, Berlin, Dec. 8, 1917.

several allied branches of industry, according to the state of development in the industry. The chambers of labor shall have a legal status.

SEC. 2. It shall be the duty of the chambers of labor to foster economic peace. Within the branches of industry which they represent they are required to safeguard the industrial and economic interests that are common to both employers and employed, as well as the separate interests of the employers, on the one hand, and the employed, on the other.

SEC. 3. The special functions of the chambers of labor shall be as follows:

1. To promote healthy relations between employers and employed and to foster industrial harmony.

2. To assist the state and municipal authorities in promoting the interests described in section 2 by furnishing those authorities with information and reports. At the request of the state and municipal authorities and of the Imperial Statistical Office, they are specially required to lend their coöperation and to furnish reports whenever investigations are being made into the industrial and economic conditions prevailing in the industries which they represent.

3. To discuss demands and proposals which relate to employers' or employees' industrial interests.

4. To initiate measures having for their object the improvement of the economic conditions and the general well-being of workpeople, especially of the rising generation.

5. To coöperate in the regulation of the system of mercantile and trade apprenticeship and vocational education and to coöperate in the school administration.

6. To coöperate in the formation of collective labor agreements.

7. To create trade boards for the home industries and to promote their activity through regulation of working and wage conditions.

8. To promote the establishment of public employment exchanges.

9. To coöperate in finding employment for wounded and invalid soldiers and for others out of employment as a result of the war.

SEC. 4. The chambers of labor may, in reference to matters coming within their province, submit proposals to officials, representatives of municipalities, and the legislative bodies of the Federal States or of the Empire.

SEC. 10. Every chamber of labor shall have a chairman and

at least one vice-chairman, besides the requisite number of members. The chairman and vice-chairman shall not be either employers or workpeople. They shall be appointed by the supervising authorities for a period of not less than one year and of not more than six years. They shall be eligible for reappointment.

SEC. 11. The members of the chambers of labor and sub-chambers shall consist half of employers and half of workpeople. The deputies for the employers shall be appointed by the vote of the employers, and those for the workpeople by the vote of the workpeople.

SEC. 14. Germans of both sexes who (1) have completed their 21st year, (2) are employed in the district covered by the chamber of labor, and (3) belong as employers or employed to the branches of the industry for which the chamber of labor has been established are entitled to vote for members of the chambers of labor.

SEC. 18. The ballot shall be direct and secret and shall be carried out on the basis of proportional representation, so that minorities shall be represented as well as majorities, in proportion to their numbers.

SEC. 42. Each chamber of labor shall establish a conciliation board for its district. The chairman of the chamber of labor shall also be chairman of the conciliation board. The conciliation board shall have, in addition to the chairman, four members of the chamber of labor as permanent members, of whom two shall be employers and two workpeople.

SEC. 45. In the event of a dispute between employers and employed in any branch of industry represented by them, concerning the conditions of work or the continuation or resumption thereof, the conciliation boards of chambers of labor may be convoked, if a competent industrial court does not exist or if the workers involved fall under the jurisdiction of several industrial courts.

SEC. 49. The chambers of labor and the conciliation boards and adjustment offices subordinate to them shall, provided the Federal Council does not decree otherwise, be under the supervision of the higher administrative authorities in the districts in which they are situated.

To the workmen's divisions within the labor boards are assigned the following duties:

(1) To discuss demands and proposals of the workmen and to prepare such proposals for discussion by the labor board or its sections.

(2) To make investigations when required as to the amount of wages and their relation to the cost of living and as to hours of labor.

(3) To render independently opinions if required and to make proposals to authorities, municipalities, and the legislatures of the Federal States and of the Empire.

According to the bill, the labor boards are to be established on a territorial and not on a vocational basis; but they are to contain vocational sections, among which are sections for agriculture and forestry and for technical and mercantile salaried employees. Government and municipal works are included in the scheme.

The chambers will be in a position to deal with all questions affecting labor. Their functions will not be restricted to wages alone, but they will coöperate with employers within their territorial limits in the task of increasing output, improving the standard of work, improving the conditions of housing and raising the standard of living among wage earners, suggesting facilities for better education of the workers, and promoting general schemes in the interest of both labor and capital.

August Winnig, a trade-union leader, states that the attention of trade unions should be turned to the question of the profitable production of German goods, not less than to the problem of wages. The revival of keen international competition will, in his opinion, bring German industries face to face with great difficulties, which can be surmounted only by the adoption of more scientific methods of production. Trade unions have hitherto viewed such efforts with considerable suspicion as tending to exploit labor, but if the sound principle that underlies these methods—that of utilizing more completely the total energy spent by labor—is once grasped, no objection can be brought against the suggestion from the point of view of the laboring man. The thought that labor, not merely as a wage-earning body but as an indispensable part of the whole machinery of production, is as much interested in the prosperity of industrial undertakings as the owners and ultimately as the German Na-

tion is now frequently expressed in trade-union and socialistic organs.

The Rights of Labor ²⁴

The German trade unions advance various measures to reconstruct labor relations. The unrestricted right to organize and to combine, unhampered by clauses of the penal code or by the provisions of the civil law, is most important for all employees. For that reason the demand for complete freedom to combine must precede all other demands. The right to organize and strike is no less necessary for workers in public undertakings than for those in private employ and must be restricted neither by injunctions nor by a special Government workmen's act. The unrestricted development of the trade unions affords a guaranty of sound policies, for with the growth of their organization and resources their responsibility increases.

The trade unions must also strive to obtain legal recognition for wage-scale agreements concluded between them and the employers' organizations. Although legal regulation of agreements is still a matter for the future, clauses in an agreement assented to by both workers and employers should be regarded as a part of the public law and be carried out under the protection of the legislature.

Labor Organization

Labor bureaus, as self-administrative bodies of employers and employees with equal representation and nonpartisan management, should be organized. These labor bureaus are to look after the administration of social legislation, especially the workmen's protective laws and the general supervision of labor. An Imperial Labor Bureau as a central office for administration would secure the coöperation in social policy of the employees and employers by means of the chambers of labor. In this way the ablest labor leaders could be enlisted in the service of the state.

Relief

Employment Agencies, Public Works, Insurance. The need for relief of unemployment demands the creation and legislative

²⁴ *Correspondenzblatt der Gewerkschaften Deutschlands*, Berlin, July 6, 1918.

regulation of a chain of public employment bureaus for particular trades. In these bureaus there should be equal representation of employers and employees. Unemployment after the war must be combated by means of providing labor on public works. Those who are not earning wages must receive ample financial assistance from the Imperial treasury, by means of compulsory legal insurance of the unemployed and the invalid. Efforts must be made to organize all branches of insurance uniformly on the basis of threefold contributions, (a) by the insured persons, (b) by the employers, and (c) by the Imperial authorities. The administration should be carried on by a management composed of an equal number of representatives of employers and employed. Compulsory insurance must be extended to all cases of maternity aid.

Protective Legislation

Clauses relating to the protection of women and juvenile workers and to Sunday rest and other provisions for the protection of workers which have been suspended during the war must be put into force again fully and immediately. For the relief of unemployment and for the maintenance of Germany's national strength, night and Sunday labor must be confined to works that never close and only in order to meet the requirements of the national welfare—for example, the provision of raw materials and transportation. For similar reasons attempts must be made to reduce the working day of adult workers to nine hours at most, and to eight hours for work in shifts. Women are to be excused from work on Saturday afternoons so that they may be able to look after their homes.

International Measures

In the domain of international social legislation efforts must be made, by means of treaties, to secure workmen's protection, insurance, and employment agencies, as well as the freedom of domicile, the right to combine, the advantages of arbitration, and the legalization of wage-scale agreements. An international labor bureau must be made a public institution of all the participating States, and a federation of international trade unions should be represented in this labor bureau.

Political Demands

The prerequisite to the success of the social policies of the trade unions is the existence of popular legislative bodies in the State, based upon a franchise which secures to the poorest as well as to the richest an equal influence. The trade unions express their sympathy with the efforts to introduce general, equal, secret, and direct franchise into all the Federal States. The trade unions are in favor of women being allowed to vote or be elected in the Empire, State, and municipality. Equal rights should be given to women workers and employees in all matters of labor policy, as part of the recognition of the complete equality of rights of the working classes in all domains.

LABOR'S PROGRAMS OF RECONSTRUCTION

The long-range reconstruction program of labor in Germany is not only concerned with matters of labor and social legislation but attempts to deal with the whole economic situation. In its labor aspects it reveals a record of progress which England before the war sought to follow and which indicates the probable paths of American labor legislation.

In the reconstruction programs German liberal sentiment is peculiarly in accord with the British Labor Party. A comparative study will also throw light on our own progressive political platforms.

Below are given (i) the scheme of social legislation of the Social Democratic party, Oct. 10, 1917; (ii) the reconstruction program of the German Trade Unions, Oct. 20, 1917; (iii) the reconstruction scheme of the German Social Democratic party, Oct. 14, 1917; (iv) a working program of the German Social Democratic party, June, 1918.

*The Scheme of Social Legislation of the Social Democratic Party*²⁵

PROTECTION OF LABOR

(1) *General*.—Protection of workmen is to be extended to all persons who are not in an independent position. Greater con-

²⁵ *Bremer Burger Zeitung*, Oct. 10, 1917.

trol than hitherto is to be exercised in carrying this out. Works employing five or more workmen who do not speak German must call special attention to the regulations.

(2) *Protection of Health*.—The prohibition of the preparation and utilization of white phosphorus is extended to the preparation and employment of all other poisonous substances used in industry and injurious to workmen and to processes producing this effect. Where, in view of technical reasons, such a prohibition seems impracticable, establishments in which, owing to their system of working or to the nature of the material required for the work or resulting from the manufacturing process, special danger to the workmen is to be feared are to be subject to special inspection and medical control.

Home labor is to be prohibited (a) in the case of work from which grave injuries to health, such as poisoning, might ensue; (b) in the production of foodstuffs.

(3) *Daily Working Hours*.—Daily working hours for male workers over 18 may not exceed eight hours. Occupations which require irregular working hours are to be subjected to special regulations.

(4) *Night Work*.—Night work is to be forbidden except in concerns specially designated by law, where it is necessary owing to the nature of the work or for other technical reasons.

(5) *Sunday Rest*.—Workmen are not to be given employment on Sundays or holidays. The conditions on which any necessary exceptions are to be granted are to be settled by law. Any work permitted on Sundays and holidays may not exceed the amount of time which is absolutely necessary. Workmen employed on Sundays and holidays are to be allowed the prescribed rest on week days.

(6) *Protection of Female Workers*.—Working hours for women may not exceed eight hours daily and four hours on Saturdays and other days preceding a holiday. They may not be given extra work to take home after working hours. The employment of women is absolutely prohibited (a) at night; (b) on Sundays and holidays; (c) on work which is damaging to health or constitutionally unsuited for women; (d) for six weeks before an expected confinement and for 26 weeks after the same. During the succeeding 26 weeks employment may be given only for a period of four hours daily.

Exceptions to clauses a and b, which are necessary to a certain extent for nurses for women patients or other sick persons, are to be fixed by law. Exceptions to regulation d may be allowed by the competent factory inspector when at least eight weeks

have elapsed since the birth of a child and when its death is attested by a declaration from the registration office and it is proved by a similar document that no objections exist on the score of injury to the mother's health by the premature resumption of work. Permission to work for more than four hours within 26 weeks after the birth is to be given only when it is shown that the child is dead or when an official certificate attests that it is receiving nursing at least equivalent in value to nursing by its mother.

(7) *Protection of Children and Juveniles.*—The employment of children under 15 is to be prohibited. For juveniles, aged between 15 and 18, the working time may not exceed six hours daily. Juveniles of this age may not be employed (a) at night, (b) on Sundays and holidays, (c) on occupations dangerous to health, or (d) in mines underground. The continuation schools provided for juveniles may be held only between 8 a. m. and 6 p. m.

(8) *Protection of Home Workers.*—For persons employed at home protection is to be afforded on the principle laid down at the conference of home workers held on June 11, 1911.

(9) *Industrial Inspection.*—For the effective control of workmen's protection, the industrial inspection must be placed on a broader basis. The officials intrusted with it must be drawn from expert circles, due regard being paid to the employees with whom they have to deal. The regulations respecting the employment of women are to be supervised and carried out by women inspectors.

Inspectors are to be made independent and vested with executive powers.

The services of the trade unions are to be enlisted for the effective carrying out of workmen's protection.

WORKMEN'S INSURANCE

Insurance legislation is to be subjected to drastic reforms and to be extended in all its branches to independent people of small means. The aim of the further development of sickness insurance should be the creation of insurance for all classes who need it. The introduction of compulsory family insurance would be a step toward such a system of national insurance. The income limit for liability to insurance, which has hitherto been 2,500 marks, must be raised to at least 3,600 marks, and "sick pay" is to be fixed at a minimum of 60 per cent of the basic wage where

such wage is not more than 12 marks. The nursing activities of the sick benefit associations are to be extended.

Maternity insurance, like sickness insurance, is to be extended to all classes with small means. The care of infants is to be extended so as to include that of little children.

Insurance against accidents must be extended to all branches of industry, to the public service, and to welfare work, as must also insurance against occupational diseases and other injuries incurred in trades.

Insurance of invalids and dependents is to be further developed.

PUBLIC HEALTH

Public-health regulations are to be developed into a comprehensive system of public hygiene, whose lowest administrative unit should be a municipal health or welfare office. The duties of this office are to combat all influences injurious to health, to investigate their causes, and to create institutions which will be devoted to hygiene and allied social activities. It is to be the Central Office for Public Welfare.

To carry out the aims of this office the aid of representatives of social insurance should be invoked.

THE RIGHT TO STRIKE

The right to strike must be freed from all restrictions. It is to be conceded without limitation to all sections of the population.

REFORM OF THE LABOR LAW

The provisions of the labor law must be regulated by legislation so as to safeguard the rights of the individual worker. Any special regulations that may be necessary for certain groups of workers are to be added to the general labor law.

Any alterations and revisions of the labor law brought about by special agreements must be put on a legal basis by the creation of a special labor rate law (*Arbeitstarifgesetz*).

REPRESENTATION OF WORKERS' INTERESTS

Workers' committees are to be formed in all establishments employing more than 20 persons.

The representatives of trade unions in the labor offices of smaller districts (see below) are to form a special body for

taking up all questions involving the interests of the workers in such districts.

For the districts covered by a higher administrative authority chambers of labor (*Arbeitskammern*) are to be formed.

ARBITRATION OFFICES

The arbitration system must be extended. The local arbitration offices must be supplemented by others for large districts, and finally by one for the Empire. Where special circumstances connected with a trade appear to demand the formation of special arbitration offices—for example, in mining—such offices must be provided. An appeal to arbitration offices is to be open to either party, and either party can initiate negotiations. The decisions of the arbitration offices have generally only a moral force, but during the transition period after the war they are to be compulsory.

EMPLOYMENT EXCHANGES AND CARE OF THE UNEMPLOYED

Employment exchanges are to be standardized for the whole Empire. They should be adapted to the conditions of the local labor market. The local exchanges are to be linked up with the Labor Office to be formed for an entire district. The Labor Office is to consist in equal proportion of representatives of workers and employers presided over by a nonpartisan chairman. These labor offices are to be linked up with labor offices for the larger districts. They will serve for adjusting supply and demand. An Imperial Labor Board will unite and control the district labor offices.

Until an Imperial unemployment insurance system, which is to be created, becomes effective, municipal unemployment insurance subsidized by the Imperial Government must be provided. The assistance extended by trade unions to the unemployed must become an integral part of insurance by the State.

POOR LAW

The poor law must be recast in accordance with modern views on social matters. Its degrading effects must be abolished.

CARE OF JUVENILES

The measures necessary for the physical, mental, and moral improvement of juveniles must be incorporated in a Juveniles Act.

Until its enactment any individual provisions of a law for juveniles which need drastic amendment are to be considered at once. For example, the punishable age must be raised to 16, and the age of protection to 18, and proceedings against juveniles must be regulated with due regard to conditional postponement of prosecution.

HOUSING

The housing question must be settled by an Imperial Housing Act, based on sound social considerations.

IMPERIAL OFFICE FOR SOCIAL LEGISLATION

For accomplishing the tasks connected with social policy and for the furtherance of measures of a similar character, a Ministry for Social Legislation should be created, and also an independent law court for deciding judicial matters connected with social legislation. To the latter must also be referred disputes with regard to social insurance.

MEASURES ON BEHALF OF EX-SOLDIERS, INCLUDING THE DISABLED

So far as the interests of the army permit, the discharge of those called to arms by reason of the war must take place without delay. In the demobilization regard must be had as far as possible to the resumption of normal economic life, but the overcrowding of the labor market, which is feared, must be avoided.

For recuperation, and for the regulation of their private affairs, the discharged soldiers are to be granted for the period of one month their customary pay and corresponding maintenance and clothing allowances, and their families must receive their war allowances. For any subsequent periods of unemployment adequate unemployment relief must be given.

Ex-soldiers must as far as possible be assured reinstatement in their former positions. As to the right of reinstatement, the decision must rest with arbitration offices. Grants by employers to former employees while on war service do not constitute a legal claim to reinstatement in their employment, but such grants may not be regarded as repayable loans.

State support must be granted to participants in the war whose affairs have been utterly disorganized by the war. The rent arbitration offices are to be carried over to peace time and to be developed into general arbitration offices for debt, with power to enforce their decisions.

The care of those disabled in the war is to be regulated by Imperial legislation.

The provision for pensions for those disabled in the war is to be subject to regulation based on social considerations.

Soldiers discharged from the army are entitled to claim free medical assistance from the ordinary local sick funds for two years after the war. These sick funds are to be increased by additional grants from Imperial funds to meet the special burdens thrown upon them by this obligation and by the after-effects of the war. The amounts and the principle on which they are to be calculated must be fixed by law.

Any claim for maintenance made by those discharged from active service without pensions, owing to physical or mental breakdown, is until the legal settlement of their claims to be met by the general pensions fund to an extent corresponding to the diminution in their wage-earning capacity. The same provision holds good for their dependents.

It must be made compulsory for contractors who obtain orders for public works to employ those disabled by the war, and this obligation is, if necessary, to be extended to all employers. This obligation must be rendered effective by penalties for non-compliance.

*Reconstruction Program of German Trade Unions*²³

An abstract of the reconstruction scheme drawn up by the German trade-union organizations and federations of private salaried employees was submitted in the form of a petition to the Bundesrat and the Reichstag. The demands are as follows:

GENERAL ECONOMIC MEASURES

I. Representatives of the trade-union groups and of the joint committees of the salaried employees' federations of the most important branches of industry and trades shall be appointed to coöperate with the Imperial Commissioner for Industrial Reconstruction (Reichs-Kommissar für Übergangswirtschaft) and the economic committee of the Imperial Ministry of the Interior. The advisory board of the Imperial Commissioner shall likewise be supplemented by the appointment of representatives of these organizations.

²⁶ *Correspondenzblatt der Generalkommission der Gewerkschaften Deutschlands*, vol. 27, No. 42, Berlin, Oct. 20, 1917; reprinted in the *Monthly Review of the U. S. Bureau of Labor Statistics*, April, 1918.

2. Until the return of normal economic conditions the whole of the imports and exports shall be controlled by the commissioner. Particular care shall be taken at the conclusion of peace that Germany obtains a sufficient number of counterclaims to cover her own requirements. Further, encouragement must be given to the export of such products as are not absolutely required for use at home.

3. Import permits shall be made dependent upon the approval of the Imperial Commissioner. Where the right of approving imports and exports has been placed in the hands of special organizations these shall be placed under the permanent control of the commissioner. Representatives of the workmen and salaried employees of industry and trade groups concerned shall participate in this control. In making purchases these organizations must do away with mutual competition of their purchasing agents and see to it that contracts are concluded under the most favorable conditions. The profits of these organizations shall not exceed a moderate return on the invested capital. Concealment of profits must be prevented. Their business transactions must be subject to public control. Organizations of the kind designated here are to continue in existence only so long as is necessary for the restoration of normal economic conditions in the country.

4. The export of products of which there is a scarcity in the home market may be made dependent on the approval of the Imperial Commissioner.

5. German shipping concerns, whether for sea or inland navigations, must submit to the orders of the commissioner, whose approval shall be particularly required for the fixing of rates and routes and for the disposal of cargo space. In the matter of space preference shall be given to raw materials and food-stuffs which are urgently required.

6. The extension of the inland waterways shall be taken in hand at once and be carried out by the Government according to uniform principles. The administration and operation of these waterways shall likewise be subject to the supervision of an Imperial office.

7. The war companies founded for the supply of the various industries shall distribute the raw materials and partly manufactured goods according to the capacity and requirements of the individual establishments. This applies equally to goods imported from abroad and to those produced at home. The scheme of distribution is to be submitted for approval to the commissioner.

8. For the facilitation of the solution of the economic prob-

lems of the period of transition, for the collecting of data on economic conditions, and for the receiving and disposal of complaints, requests, and applications the Imperial Commissioner shall establish in the various Federal States and in Prussia for each district of each Province special economic boards (Wirtschaftsämter) composed of an equal number of representatives of employers, employees, and of the competent State government and presided over by a chairman appointed by the Imperial Commissioner.

9. In order to initiate and promote economic activity the Imperial and the Federal governments, as well as the provincial, district, and communal authorities, should lose no time in determining on, approving, and carrying out the public purchases and works that come within their scope. In the first place such purchases and works shall be accelerated which are of importance for the revival of economic activity, for the improvement of the food supply, and for the increase of housing accommodations.

10. The commissioner shall exercise control over all economic syndicates which aim at regulating production, markets, conditions of delivery, prices, and imports and exports. He may prohibit measures of the syndicates which may hamper the transition from war to peace conditions.

FOOD SUPPLY

1. Until normal conditions have been reestablished it will be necessary to retain for the purposes of the food supply the present war kitchen and mass-feeding arrangements, the Government control of the most important foodstuffs, maximum prices, requisitioning and rationing, and penalties against profiteering. Prices and distribution must be arranged in such a manner as to secure to the masses of the population a cheap and adequate supply of food.

2. In the interest of an advantageous and well-regulated food supply it will be advisable to retain the Imperial grain office, the central purchasing association, and those companies connected with it which play an indispensable part in procuring foodstuffs.

3. The embargo on food exports must for the present remain in force until the market is sufficiently well stocked to permit the removal of restraints upon trade.

4. The importation of cattle, foodstuffs, and fodder must be encouraged in the same manner as during the war.

5. The production of foodstuffs must be actively promoted, and facilities must be granted for the acquisition and employment

under coöperative management of machinery and appliances and for the procuring of fertilizers, seed, and fodder.

6. All discrimination against coöperative societies and stores must be prohibited; nor must Government or communal employees be hindered from acquiring membership in them.

EMPLOYMENT OFFICES

1. The procuring of employment must be regulated uniformly for the whole Empire by law. It must be effected free of charge and be based on equal representation of employers and employees in the administration of employment offices.

2. The organization of the employment offices must embrace all occupational groups. The employment offices for private salaried employees are to be arranged in three groups, for mercantile, technical, and office employees. A labor office (Arbeitsamt) shall be established for every large town, with its suburbs, and for each rural district. To this labor office shall be subordinated the various employment offices within its district. The individual labor offices within specified territorial districts shall be combined into federations (district labor offices), and an Imperial Labor Office (Reichsarbeitsamt) shall be the central authority in this organization of the employment offices.

3. Until legislation is enacted to this effect, all employment offices not conducted for profit shall be grouped together by districts under central information offices (Zentralauskunftsstellen), and an Imperial Central Office (Reichsstelle) with jurisdiction over all employment offices shall regulate the relations of the central information offices to each other.

Vacancies shall be reported to a general employment office or to an employment office for the particular occupation in question. Employment offices operated for profit shall, like free employment offices, be under obligation to report to the central information office the number of vacancies and applications for employment filed with them. The filling of vacancies shall not imply exemption from the obligation to report them. The central information offices shall effect the balancing of supply and demand in the labor market within their district.

The Imperial Labor Office shall effect the balancing of supply and demand between the individual central information offices and issue regulations for the conduct of employment offices during the transition period.

4. Special postal, telegraph, and telephone facilities shall be granted to the employment offices for communication with one

another and with the central information offices. The central information offices shall be authorized to grant free transportation to their places of employment to soldiers and persons in the auxiliary service on their discharge.

5. The engagement of alien male and female labor shall be prohibited, except where a shortage of native labor can be proved to exist. Whether alien labor may be engaged shall be decided by the central information offices after a hearing of employers' and workmen's economic organizations. These offices shall also determine measures for the prevention of depression of wages through the introduction of alien labor. The Imperial Labor Office shall regulate the principles by which the admission of alien labor shall be governed during the transition period. Alien workmen shall receive the same wages and be guaranteed the same rights as native workmen.

DISCHARGE OF SOLDIERS AND OF PERSONS IN THE AUXILIARY SERVICE

1. The discharge of soldiers from military service is to be so regulated as to secure the immediate release of business men, technical experts, foremen, skilled workmen, and administrative officials who are urgently required for the restoration of normal economic activity and for the resumption of operation of indispensable establishments. In releasing soldiers preference should be given to those trained for an occupation in which there is a particularly strong demand for labor. Discharge in general should be effected with as little delay as possible. Congestion of the labor market should be no reason for detaining the soldiers longer in military service than is necessary for military reasons.

2. The discharged soldier shall be conveyed free of charge to the place of residence of his family, or to his place of employment, if he can show that he has obtained work.

3. The military authorities shall do all in their power to assist the enlisted men in obtaining suitable employment, especially by directing them to the proper employment office, by giving them information, and by assisting them in their correspondence.

4. Reemployment in the establishment in which they were employed before the outbreak of the war should as far as possible be assured to those soldiers who have to support a family, provided that they have been employed in the establishment at least one year before being called in for war service. Whether it is possible in individual cases for the owner of the establishment to comply with this obligation shall be decided by an equi-partisan arbitration board. Soldiers and auxiliary service men who

are unable or unwilling to continue their membership in an establishment pension fund under the same conditions as formerly must be permitted to retain the rights they have acquired on payment of a moderate fee.

5. Workmen and salaried employees who have been discharged from military service and can not be assigned to suitable employment shall receive unemployment allowances. Until State unemployment insurance shall have been introduced, the outlay made by the communes on this account is to be refunded to them by the Imperial Government.

6. For the purpose of recuperating and of attending to their domestic and business affairs, soldiers on their discharge from the army shall be regarded as on leave for a full month and shall draw pay at their former rate. Likewise shall dependents of discharged soldiers continue to receive for a full month their former State or communal family subsidy, irrespective of the fact that the discharged men have obtained employment, and for a still further period if they are unemployed.

7. Soldiers whose health has been seriously impaired and who are to be discharged from the army must be granted sufficient leave for recuperating, and, if necessary, must be enabled to take a rest or a course of treatment in a health resort or a sanatorium at the expense of the Empire. The same privilege must be accorded to those interned abroad on their return home.

8. Employers who, as a rule, employ not less than 20 workmen shall be required to find suitable employment in their establishment for at least one disabled soldier to every 20 workmen. Exceptions to this rule shall be allowed only by the equipartisan arbitration board after a hearing of the wages board concerned.

9. Disabled soldiers who before being called into military service were employed in Government or communal establishments shall be reinstated irrespective of the number of workmen or employees engaged there.

10. The wages of disabled soldiers in private as well as in State and communal establishments must be computed with consideration of the actual work performed by them; in particular they must receive the same wages for piecework as able-bodied workers. In no circumstances must pensions be taken into account in computing earnings.

11. The employment conditions created by the national auxiliary service law shall be voided soon after the termination of the war in such measure as the restoration of normal economic activity requires. Workmen or employees who gave up positions to take up auxiliary service work shall, on being discharged from

such work, be entitled to unemployment allowances until they secure employment.

12. Male and female workers and salaried employees who have to be discharged in order to make possible the reinstatement of ex-soldiers shall also receive unemployment allowances unless they are assigned to some other employment.

REGULATION OF WORKING CONDITIONS AND PROTECTIVE LEGISLATION

1. In view of the unsettled conditions that may prevail during the transition period, unemployment allowances are to be granted from Imperial funds, so long as national unemployment insurance has not been introduced.

2. The state of affairs created by Federal decree, whereby income from earnings has been made exempt from attachment to a larger extent than provided in article 4, paragraph 4, of the law on attachment of wages, shall be maintained. Article 850, paragraph 2, of the law on civil procedure shall be made applicable to wages and salaries of workmen and employees as well as to pensions and survivors' pensions of persons employed on the basis of private contract, in so far as these wages or salaries do not exceed 5,000 marks (\$1,190) per annum.

3. Provisions of protective labor legislation which have been temporarily suspended during the war must be restored to full effectiveness immediately on the conclusion of peace. The prohibition of night work in bakeries and confectioneries decreed by the Federal council, as well as the 7 o'clock closing order for shops other than those selling foodstuffs, shall be retained. Where the hours of labor have been lengthened in Imperial, State, or communal establishments they must be reduced to the pre-war time basis.

4. With the exception of the sickness insurance for home workers, which must be newly regulated, the provisions of the workmen's insurance laws which have been temporarily suspended during the war must be put in force again immediately on the conclusion of peace.

5. The Federal decree relating to maternity benefits shall remain in force during the transition period, and steps are to be taken to incorporate its provisions in the Imperial Workmen's Insurance Code.

6. For adjusting wage disputes and labor differences which can not be settled by the authorities designated in collective agreements, official equipartisan arbitration boards shall be created in the individual Federal States and Provinces and an equiparti-

san national arbitration board shall be created in the Imperial Commission for Industrial Reconstruction for the adjustment of disputes relating to a national collective wage agreement.

7. The workmen's and salaried employees' committees and arbitration boards created through the law on the national auxiliary service are to be retained during the period of reconstruction and in normal times in such a manner that boards corresponding to the local arbitration board shall be created in each urban or rural district, and boards corresponding to those maintained in the district of each army corps shall be created for the district of each Province or Federal State. The military chairmen of these boards shall be replaced by officials of the factory inspection service, and the commissioner for industrial reconstruction shall assume the functions of the war office (Kriegsamt). In localities in which an industrial or mining arbitration court exists this may, with the consent of both parties, also be appealed to as an arbitration board.

8. The workmen's and salaried employees' committees shall examine requests, wishes, and complaints of the workers of their establishments in regard to wage and working conditions and in submitting them to the employer shall express their opinion on the question involved.

The arbitration boards shall decide disputes which can not be settled through discussion between the workmen's committee and the employer, by making an award. The parties to the dispute shall be bound to appear before the arbitration board when called upon. The arbitration board shall give an award, even if one of the parties remains away from the arbitration proceedings. The parties to the dispute must declare within a certain time limit whether they accept the award.

9. Workmen and salaried employees shall by Imperial law be granted recognized representation in the form of chambers organized on an occupational basis.

10. Agreements made by joint committees of employers and workmen's or salaried employees' organizations with the object of furnishing employment or providing for disabled soldiers shall be transmitted to the commissioner. Every effort should be made to give effect to these agreements.

11. Trade boards so far created for home workers shall be retained and others shall be established for those trades in which they are yet lacking. They shall be authorized to regulate wage and working conditions in a legally binding manner.

12. When orders are given for work to be done at home in behalf of the Empire, States, or communes, the wages therefor

shall, after consultation with the trade organizations of employers and workmen, be determined in such a manner that the share of the workers and subcontractors is clearly defined and may not be reduced by subsequent agreements. The commissioner shall be authorized to give binding force to these wage agreements for home workers. Where no special wage or arbitration board exists disputes are to be settled by the arbitration board of the particular urban or rural district.

AID FOR SOLDIERS AND THEIR DEPENDENTS

1. Public loan banks shall be established for the assistance of soldiers who have fallen into financial difficulties. These banks shall grant loans at moderate interest and on easy terms of repayment. The requisite funds shall be provided by the Imperial Government.

2. The protection of debtors, inaugurated during the war, shall be retained and extended during the period of reconstruction. A special law shall be enacted which shall determine how the concessions allowed are to be redeemed.

3. The rent arbitration boards shall be retained. Where disputes arise regarding accumulated arrears of rent, the boards shall strive to effect a compromise between the parties, and where these efforts prove unavailing they shall with due consideration of the income and financial situation of the debtor pronounce their own award, which shall be legally binding. Whatever facilities it shall be possible to grant in the way of recourse to the loan banks, payment by installments, postponement of payment, and remission of part of the debt by the landlord, or assumption of it by the commune, State, or Empire, shall be duly considered in the award.

HOUSING

1. The erection of small dwellings shall be promoted through participation by the State and communes in the capital stock of public welfare building associations, through the sale of fiscal or communal land at moderate terms, or through the leasing in the form of hereditary building rights to such associations, through the granting of mortgage loans at moderate interest and easy refunding terms by insurance institutes and State and communal savings banks, or through the guaranty by the State of mortgage loans made by third parties.

2. The communes shall see to it that the building land at present lying idle, whether privately or publicly owned, shall be

opened up as soon as possible; they should make the reduction of improvement taxes and other real estate taxes and the promotion of the erection of small dwellings part of their program, and they should also erect dwellings on their own account.

3. The settlement on the land of disabled soldiers who are familiar with and capable of agricultural labor shall be promoted through creation of suitable State, communal, and corporate organizations and through subsidies to welfare associations which devote themselves to this task. Home colonization, a matter of very urgent necessity, shall be promoted by the fixing of low fares for local and suburban traffic.

4. House owners shall be granted concessions in the matter of payments of mortgage interest which have fallen into arrears during the war through no fault of their own. In order to clear off such arrears the mortgage arbitration board shall with due consideration of the income and financial situation of the debtor endeavor to induce the creditor to accept payment by installments or to remit part of the debt, or where necessary it should pronounce its own award.

5. Security for mortgages on real estate shall be provided up to a certain limit from State funds.

The Reconstruction Scheme of the German Social Democratic Party ²⁷

The following proposals with regard to the German economic and financial policy after the war were to be submitted to the annual conference of the German Social Democratic party which opened at Wurzburg October 14, 1917.

GENERAL ECONOMIC POLICY

Because of the necessity for a gradual and organized transition from the present war basis, the Social Democratic party recommends:

(1) Systematic purchase, importation, and distribution of foreign raw materials by expert raw material purchasing companies under State control. Fixing of wholesale prices for imports and regulation of distribution to the very industries which manufacture the raw material involved.

(2) In the same way the importation of foodstuffs, fodder, and foreign manufactured goods must be regulated by com-

²⁷ *Vorwaerts*, Sept. 25, 1917.

mercial purchasing and selling organizations under State control. The rationing of the most important necessities of life and the fixing of maximum prices must continue for the time being. The importation of delicacies and costly luxuries must be restricted to the utmost.

(3) In order to improve German exchange the exportation of German manufactures must be increased as much as possible after the war. Moreover, German accounts outstanding abroad must be converted into cash, foreign securities in German hands must be sold abroad, and so far as possible short-term loans must be raised on satisfactory terms at the chief foreign financial centers.

(4) To restore the German merchant fleet shipping firms should be compensated for losses: loans by the State for ship-building should be granted on definite conditions so as to secure to the State a share in the control over cargo space, kinds of cargoes, and destination of voyage, and to guarantee the advancement of the economic interests of the people.

The best plan would be the combination of all the great shipping undertakings into one syndicate under State control. In this way the Government would not only be able to exercise a restraining influence over the fixing of freight rates but could also arrange to take a certain share of the profits.

(5) The workers and employees called to the colors must not be discharged after the conclusion of peace on purely military considerations, without regard to industrial conditions and labor markets. By means of the local employment bureaus, managed by representatives of the employers and employed, and under the supervision of the Central State Employment Exchange, it must be ascertained what kind of labor is required in the various industrial districts. These bureaus must also act as employment agencies and arrange with the military authorities in regard to the discharge of men. Those workers who are unable to find work in private business are to be employed for the time being on suitable public work.

(6) The German workers demand suitable representation on the Advisory Council of the Imperial Commissioner for Transition Economy and on the State Boards of Management and Control not merely concerning labor problems, but in the entire reorganization of industry.

MONOPOLY, TRADE, AND TARIFF QUESTIONS

Although the transition from war to peace is the most urgent problem of our economic policy, other difficult problems have arisen from the changed economic situation. On the one hand many branches of industry have undergone important technical transformation. They have been trained in manufacturing on a large scale. On the other hand new incentives have been given to concentration and the formation of cartels. The tendency toward concentration will probably manifest itself in the German banking world as soon as the Empire is compelled to raise great loans, while at the same time industry, aiming at economic reconstruction, makes its demands on the banks.

Foreign commerce will also undergo a great change. As a result of the war, Germany has lost a large number of foreign markets, which it will be very difficult to regain, as her competitors have established themselves there.

Accordingly the Social Democratic party recommends:

(1) The conversion of private monopolies into State monopolies, especially in the mining industry, the production of pig iron and steel, and the munitions industry.

(2) Extension of State control of the banks, and further development of the Reichsbank's influence on private banking firms.

(3) Conclusion of commercial and customs treaties with Austria-Hungary, Bulgaria, and Turkey, in which the four allies grant to one another special trade and customs preferences.

(4) As a preliminary condition to the establishment of such trade relations an abolition of the high tariff on the necessities of life.

GENERAL FINANCIAL POLICY

At the end of 1917 the German Empire had spent about 100 billion marks in connection with the war. This sum has been raised entirely by means of loans. To this must be added the amounts which have been expended by the Federal States, provinces, and municipalities on war relief. The expenditure on the support of the needy families of men called to the colors amounts to about 3 billion marks.

This debt of 100 billion marks means an interest obligation of 5 billion marks a year. If the redemption of 1 per cent of it should be decided on, that would involve the addition yearly of 1 billion marks. Moreover, revenue has to be obtained for pensions and support for war invalids and war widows and orphans. During the war this money had been obtained from loans, but in

future it must be covered out of current revenue. The sum required at the beginning of the fourth year of war may be estimated at nearly 4 billion marks per annum. This means a total increase in the annual expenditure of about 10 billion marks without counting the cost of the transition of industry and of social reconstruction.

NO WAR INDEMNITIES

Because of the general military, political, and economic situation, war indemnities cannot be counted on. The shifting of the war expenditures of one group of Powers to the shoulders of the other is out of the question. Political, economic, and financial "force majeure" are incompatible with peace by negotiation, at which Germany aims.

The magnitude of the sums which will have to be raised in future by the German people is more clearly realized if they are compared with the property and income of the German people. Steinmann-Bucher estimates the total property of the German people, including that which is held by public bodies, at 400 billion marks. More than one-fourth of this is hypothecated to secure war debts. The debt of the Empire and the Federal States before the war amounted to about 315 marks per head of the population; on January 1, 1918, every inhabitant of the Empire must bear a burden of about 1,800 marks of Imperial and State debt. The total income of the German people was calculated in 1915 at 40 billion marks. Of this about 25 billion marks was spent on articles of consumption, 6 to 7 billion marks for public purposes, and 8 to 8½ billion marks employed as capital. The total revenue from taxation in Germany amounted in 1913 to about 5 billion marks (5,078,700,000); in future it will have to reach 15 to 16 billion marks.

A PRINCIPLE OF TAXATION

However, the efficiency of the German people has been diminished as a result of the war, which has destroyed a great army of sturdy men, created another army of men of lowered efficiency, greatly depressed the birth rate, depreciated the standard of health of the entire Nation, exhausted all the stocks of goods and raw material, worn out the means of production and of transportation, left the soil less fruitful, reduced the number of cattle, broken off all commercial relations with foreign countries, and opened up no prospect of the speedy resumption of world trade. The reduced strength of the working class must, in the interests of the whole

economic system, be recuperated. Therefore the Social Democratic party must exercise its influence toward solving the problem of covering the cost of the war, not by means of doctrinaire formulas, but by the distribution of the burden so as to prevent our productive labor, the most valuable part of the Nation's possessions, from being overburdened.

WAR TAXES

The fiscal policy of the Empire during the war has not met this condition. In contrast to English fiscal policy it refrained from meeting a part of the war costs by means of taxes and confined itself to raising by loans the money necessary to pay interest on the rapidly increasing war debt. It has also imposed very severe burdens on the essential consumption of the masses but has avoided the taxation of property. The taxation of the increment obtained during the war constitutes no permanent levy on property but only a demand for the return of a fraction of the surplus profits which have been made by the war contractors at the expense of the whole community. Taxes on consumption of the masses must be replaced by equitable and expedient taxes, such as graduated taxes on income, property, and inheritance.

LEVY ON PROPERTY

The first task will be to take a general inventory of all property and to reduce all wealth to its pre-war level. The war profiteers have the great mass of the people to thank for their unexpected riches. Justice and morality are opposed to the transfer and concentration of wealth resulting from the war. Moreover, one must not take seriously the excuse that war profiteers have rendered a great service to the Fatherland. The soldiers at the front have made greater sacrifices than the war profiteers, yet they receive no reward in hard cash; indeed, a bitter struggle for existence will face most of them after the conclusion of peace. Many of the war profiteers unscrupulously and knowingly weakened the Fatherland's powers of resistance in order to fill their own pockets, and they have the indulgent goddess Justitia to thank that they have escaped prison by the skin of their teeth. The accumulation of capital as a condition to economic development will not be adversely affected by the demand for the return of war profits, for the sums thus obtained by the Imperial Treasury will serve for the repayment of war debts and then flow back again into the channel of production. In this way the Empire will be able to get rid of part of its load of debt and of

the obligation to pay interest on it. Although this demand will encounter the strongest opposition from all politicians with capitalistic interests, it must be strongly urged by the Social Democratic party. The rates of taxation of the War Tax Act, including the supertax decided on in 1917, ranging from 6 to 60 per cent, are far too mild. The sharper the taxation on war profits, the greater the extent to which the transfer of property as a result of the war will be got rid of.

Such a readjustment is desirable as a forerunner of another measure which, like the return of war profits to the Imperial Treasury, will be of aid in getting rid of the burden of debt. This measure is a general levy on property (*allgemeine Vermögensabgabe*). So long as the losses of property suffered by one section of the population during the war are contrasted with the great gains of another section, the objection that the tax is inequitable can be urged against such a levy. This objection, however, loses its force in so far as the war profits are brought back into the hands of the community. The working class, therefore, is greatly interested in getting rid of the debt because it is from the proceeds of the labor of that class that the capital of the Empire's creditors is obtained, and because out of this sum at best only the crumbs fall to the working class itself. But advocates of getting rid of a considerable portion of the Imperial debt are also found among the bourgeoisie. The solvency of the Empire requires it. Proposals have already been made for a 5 to 25 per cent levy on all private property, except the smallest, in order with the proceeds to get rid of 30 to 40 billion marks of Imperial debt.

If 50 billion marks of debt is actually paid off by means of levies on war profits and on property generally, there remain the obligation to pay interest on and redeem the other 50 billion marks, and, in addition, the necessity of providing relief for the victims of the war. About 7 billion marks of current revenue will then still be necessary. It is impossible to raise such a sum without levying direct taxes to a large extent. The creation of capital is recognized as a condition of economic progress, but in face of the conditions brought about by war it must not be promoted at the expense of those types of taxation which operate most equitably; rather by developing such types can the uneconomic consumption of luxuries by the moneyed classes be restricted. The Federal States must abandon their opposition to the participation of the Empire in direct taxation. The revenue of the Federal States from these taxes must not be reduced, but they must allow the Empire to participate with them in the new

sources of revenue. An Imperial income and property tax is necessary. Placing the assessment of both taxes on a uniform basis would mean an economy of labor. As the Empire is an economic entity, a uniform scheme of taxation is desirable. If the Federal States retain the right of levying higher rates of income and property tax, they do not in any way lose their sovereign power as regards taxation. The Empire could obtain 1 billion marks from an income tax without exhausting this source of taxation so far as the Federal States are concerned. The graduation of the income tax must be so altered as to protect productive labor, promote an increase of population, and restrict expenditures on luxuries. It is a question whether for the sake of simplicity the taxes on property, including that on property increases which is already levied by the Empire, should not be retained for the Empire alone.

INHERITANCE TAX

In the field of the taxation of inheritances, the legal authority which is sought in the case of income and property taxation already exists. We have an Imperial Inheritance Taxation Act, four-fifths of the revenue from which goes to the Empire. But the inheritance tax is still undeveloped. In 1911 the inheritance tax per capita of the population in Germany was 0.95 mark; in England it was 11.66 marks. England has further increased this tax during the war. The demand repeatedly made in the Reichstag during the war that this tax shall be made more productive must be maintained.

The freedom from taxation of descendants and wives must be abolished. The rates of taxation must be increased for all degrees of relationship, not only according to the amount of the inheritance but also according to the total property of the heir where relatives surviving are very distantly connected. The State is to be a co-heir where the number of children left behind is small.

FURTHER PROPOSALS

The other taxes on property which are recommended by the bourgeoisie, such as the tax on excess consumption, according to income (*Mehrverbrauchseinkommensteuer*), which is to serve as a counterpoise to the increment tax, the taxes on dividends, coupons, and new security issues, and the taxes on costly ornaments of gold, pearls, and jewels, deserve to be investigated. There is no reason to object to them on principle; but it must not be for-

gotten that taxes of this sort will produce only a very modest revenue. They serve not as a substitute for but as a supplement to general taxes on property. The guiding principle of the fiscal policy of the Social Democratic party must be this—that the standard of living of the great masses of the people must not be degraded. Care must be taken that production does not progress at the expense of population. To a great extent it depends on the efficiency of the working class whether Germany will regain her ability to compete in the world market.

MONOPOLIES

Even if the property taxes are greatly increased, there will still remain a deficit amounting to billions in the revenue required. To meet this deficit monopolies will have to be created, but their financial possibilities must not be overestimated. Monopolies should not constitute another form of consumption tax on articles consumed by the masses. They should bring into the Imperial Treasury profits of capital and savings from operation on a large scale. The guiding principles of our attitude toward the question of monopoly taxes should be as follows: Public interests must be placed before private interests. Prices of goods must be restricted to the level prevalent in competitive plants, which will check the operations and efficiency of monopolies. It is desirable that the munitions industry should be transferred to the State. In addition numerous other branches of our economic life are ripe for monopolization. A counter movement has begun among the capitalists who are affected. At this stage there can be no question of definite schemes, but we must not let ourselves be intimidated by the opposition of private interests. In addition to pure State monopolies there might be profitable businesses managed jointly by the State and by private interests. To surmount the difficulties which must result from the readjustment of our commercial relations with foreign countries it might be well if the State controlled great branches of industry.

Various proposals are aimed at the taxation of raw materials, on the assumption that if taxation is levied in the early stages of manufacture, economy is promoted in the later processes, and thus the burden can be entirely removed by means of technical efficiency. Writers have recommended taxation of this type as an effective instrument for the promotion of economy in production. Any veiled attempt, however, to impose a burden on the masses must arouse our opposition.

FISCAL POLICY OF A SOCIAL DEMOCRACY

The powers of the party must be exercised to protect the interests of the proletariat. The sine qua non for this is equality of political rights. We shall obtain democratic fiscal legislation if we have a democratic constitution.

The guiding principles of a practical fiscal policy for the Social Democratic party follow:

(1) The productive power or the well-being of the individual must be safeguarded.

(2) The great transfer of property caused by the war must be rectified by bringing back the profits to the Imperial Treasury.

(3) All private property above a minimum limit must be subject to a graduated tax.

(4) The graduated income tax must be steepened and must be based on social considerations.

(5) The property tax should be based on Imperial legislation and graduated.

(6) The inheritance tax must be extended to wives and children, the rates steeply graduated, and the right of inheritance by the Empire, based on social and eugenic grounds, should be included.

(7) Industries that are suitable by their nature and the state of their development must be administered by the State for the sake of the revenue they can produce, and for the advantage of efficient methods of operation.

*A Working Program of the German Social Democratic Party—
Economic and Social Demands*²⁸

At a recent meeting of the Social Democratic party in Wurzburg the committee of the party was charged to summon a special commission to prepare a "draft of a working program for German Social Democracy," based on the political and economic conditions created by the war. The program as drafted may be summarized as follows:

POLITICAL DEMANDS

Universal franchise, responsibility of ministers to Parliament, democratization of the army, creation of organizations dealing with international law.

²⁸ *Correspondenzblatt der Gewerkschaften*, June 22, 1918.

DEMANDS FOR THE TRANSITION TO PEACE ECONOMY

In order to obviate serious economic crises there must be a systematic transition from a war "economy" as it exists at the moment to a peace "economy." The rationing of foodstuffs and the fixing of maximum prices must continue temporarily so far as appears necessary in order to supply the less well-to-do strata of the population with the requisite foodstuffs after the conclusion of peace. The organization under Government management and supervision of the importation of foodstuffs, of the supplies and distribution of raw materials, and of exportation is necessary, while the existing depreciated condition of German exchange in foreign countries must be remedied by suitable measures in the domain of commerce and of finance.

Moreover, in order to import foodstuffs and raw materials without restriction, it will be necessary that the whole of German shipping, including that on inland waterways, shall be placed under control of the Government, which must be given a deciding control over the freights, routes, and cargo space of the mercantile marine.

SECURING THE LABOR MARKET AFTER THE WAR

In order to avoid a sudden flooding of the labor market, resulting in depressed wages and unemployment after the war, the State must see to it that the workers and employees who are discharged from military service are reinstated as far as possible in those branches of industry and commerce in which they were formerly employed, and that for this purpose an employment agency is organized. Should the business concerns in any branch of industry, owing to shortage of raw materials or to technical or other reasons, not be in a position to resume work to a full extent, the employees must not on that account be retained with the colors. The payments to members of the army and relief funds granted to their families must be continued for at least one month after their discharge. Care must be taken to provide ample employment by having recourse to useful public works of the State. Should these measures fail to provide the unemployed with work in their particular vocation after the lapse of one month, they must be given suitable unemployment relief from Imperial funds.

WORKMEN TO TAKE A SHARE IN THE TRANSITION ORGANIZATION

Inasmuch as the organization of transition economy is not the special affair of the employers or of the Government officials, but of all strata of the population who are interested in the reconstruction of the national economic system, the German working classes must be given suitable representation in the Imperial Economy Office, the labor bureaus, and the employment agency offices, not only in questions affecting workmen but in the whole reshaping of the economic organization.

Moreover, the German working classes must be accorded by means of chambers of labor the same representation of their interests and the same official powers as those possessed by commerce, industry, and agriculture in their respective chambers.

PREVENTION OF MONOPOLIES

As in industry, in commerce, and especially in banking, the amalgamations and the tendencies toward the formation of cartels which have made their appearance in war time will presumably be extended to peace times and will lead to an increase in monopolies, the Social Democrats demand that private monopolies shall be nationalized under conditions which subject the entire conduct of their business to the control of Parliamentary committees and secure to the workmen therein employed the rights accorded them by the industrial code and social legislation, which guarantee the workmen control of labor conditions. Moreover, in order to supervise organizations partaking of the nature of cartels, a Cartel Office affiliated with the Imperial Economy Office must be established, with power to examine the business records of the cartel associations and to control the raising of prices. Like the employers, the workmen are also to be represented on the Council or the Export Committee of the Cartel Office. Imperial control of the banking system must be extended, and by the development of the Reichsbank this institution must obtain a larger influence on private banks.

COMMERCIAL POLICY

It is necessary for the reconstruction of the country's economic existence that after the war Germany's former commercial relations with foreign countries should be restored and German industry should be afforded the opportunity of extending its market abroad. Accordingly, in the peace treaties agreements

must be inserted preventing the continuance of the existing economic war. Moreover, steps must be taken for concluding new commercial agreements which will do away with the existing system of protecting the German home market by high duties on foodstuffs.

TAXATION AND FINANCIAL REFORM

The most important aim of a taxation policy which will protect the masses of the population must be so to distribute the financial burdens left by the war that economic development may be as unrestricted as possible and that those of the population who have derived advantages from the war should be first called upon to pay the necessary new taxes. Among the first requisites of free economic development must be the husbanding and strengthening of human resources as the most valuable part of the national wealth.

Accordingly, the following measures must be demanded:

(1) The settlement of a considerable portion of the war debts by a most drastic levy on the increases of fortune resulting from the war.

(2) The levy of a general contribution to amortize the debt graduated in accordance with capacity to pay.

(3) The regulation and progressive increase of the income and property taxes in accordance with social and eugenic considerations.

(4) The extension of the inheritance taxes by including bequests to children and husband or wife; the levy of a compulsory tax payable on estates bequeathed by childless persons or persons with a small number of children; the introduction of a law making the State the sole heir when there are no near relatives.

(5) Increase of the rate of the inheritance tax, which must be graduated not only in accordance with the degree of kinship and the amount of the bequest but also with the total fortune of the heir.

(6) The removal of all dues on the consumption of necessary foodstuffs.

(7) All monopolistic branches of industry and the insurance system are to be taken over and administered by public officials.

SOCIAL POLICY

In order to make good the losses inflicted on the Nation by the war and to protect its man power and the rising generation, a demand must be made that:

(1) A uniform scheme of social-political legislation must be developed.

(2) The normal working day must consist of eight hours; night work must be absolutely forbidden, any exceptional cases being clearly defined.

(3) Women must be given complete protection before and after childbirth.

(4) The industrial employment of children under 15 must be forbidden.

(5) Young persons must be protected, and the welfare schemes for the young extended.

(6) Housing relief must be regulated by an Imperial statute. All workmen must be conceded a distinct right to combine, and the labor law must be extended and made uniform.

(7) Arbitration courts, employment agencies, and unemployment relief must be developed and regulated on uniform lines throughout the Empire.

(8) A special Imperial Office for social policy must be established in order to enact uniform social-political legislation.

The welfare of the war-disabled, of the ex-soldiers whose affairs have been unsettled by the war, and of dependents of the fallen demands special relief measures. Those persons who have been disabled but are in part capable of earning a livelihood must be given remunerative, permanent employment. The exploitation of their handicap must be prevented. Ruined ex-soldiers must be enabled to recover a stable economic status. Accordingly, the whole matter of relief of war disability and the determination of the conditions justifying the grant of a pension must be regulated by social-political considerations.

MUNICIPAL POLICY

In accordance with the resolution adopted at its meeting in Bremen in 1914, the Social Democratic party considers that for the transition period the following tasks in the domain of municipal policy are especially urgent:

(1) *Finance and Taxation.* All monopolies affecting the municipalities are to pass into their possession. All retail business included within industries which have become or are to become monopolies is to be transferred to the municipalities. Trading monopolies in building, in land, and in all indispensable food-stuffs are to be introduced.

Legislation is to tend toward the development of a higher level of taxation of the municipalities, in order to enable them to meet

the tasks imposed upon them, while sparing the less well-endowed classes.

(2) *Relief*. Municipal policies should include: (a) Care of the poor and orphans. (b) Development of preventive poor relief. (c) Creation of special relief arrangements for ex-soldiers. The rates of the relief are to be adapted to the position in life of the persons requiring assistance. (d) Special relief for war orphans of soldiers.

(3) *Hygiene*. (a) Supplying the population with wholesome food worth the money. (b) Continuous supervision of the public health, especially that of infants, children still exempt from school attendance, and school children. (c) Treatment by official doctors of children threatened by illness or actually ill. (d) In case the Imperial maternity grants are abolished, introduction of assistance by the municipalities to the same extent at least as that of the existing grants. (e) Care of expectant and nursing mothers, corresponding to the advance in medical science.

(4) *The Educational System*. (a) The principle of free education and free school books to be carried out in its entirety. (b) Clever children to be given full opportunity for advancement.

CHAPTER IV

THE LABOR PROBLEM IN ENGLAND

GENERAL ASPECTS

The Pre-War Situation

To understand the after-war labor problem in England, one must recall some of the history immediately preceding the war. "From 1910 to 1914 industrial unrest was prevalent. The emergence of the Labor party as a real force in 1906 was shortly followed by a period of political disillusionment. Finding that 40 Labor members in the House of Commons could not change the situation materially in a few years, the opinion of labor swung back toward industrial action, and the strike weapon, almost discarded by many unions in the early years of the century, was resumed with new vigor. This tendency was greatly stimulated from 1910 onward by the growing hostility of labor to the industrial policy of the Liberal Government. The shipyard movement of 1910, the transport strikes of 1911, the miners' strike of 1912, the famous Dublin dispute of 1913-14 followed in quick succession; and on the outbreak of war not only was a great struggle in the building industry just drawing to a close, but still more serious trouble was threatened in the mines, on the railways, and in the engineering and other industries."¹

The depression of the early months of 1914 affecting all industries was attended as usual by a decrease of employment and of wages which was the source of industrial unrest. "On June 14 the Glasgow district of the Amalgamated Society of Engineers, representing the shipbuilding industry, had decided to demand an increase in their rates of pay on the termination of their agreement. During the same month the National Union of Railway

¹G. D. H. Cole, *British Labor in War Time: New Republic*, June 1, 1918.

Men adopted a national program of an eight-hour day and an increase of wages of five shillings a week for all classes of employees. These movements were symptomatic of the general trend. They were especially portentous because of the current tendency toward combinations of labor unions into large federations of related crafts or coalitions of workingmen in interdependent industries. In 1913 three large railway unions had joined forces. During May, 1914, a working alliance was considered by three of the strongest labor organizations in Great Britain, representing in the aggregate a membership of 1,350,000—the Miners' Federation, the National Union of Railway Men, and the General Transport Workers' Federation, to which were added another 150,000 members from the General Laborers' Union, thus making a combined prospective fighting force of 1,500,000 wage earners. As a result of these activities and tendencies it had therefore become a matter of general recognition and comment in industrial and financial circles in Great Britain during the summer of 1914 that the country was gradually being brought face to face with an industrial upheaval of unparalleled proportions. The combinations, in point of membership, resources, and control of basic industries, were without precedent.”²

The Industrial Situation To-day

A picture of present conditions may be obtained from the “Memorandum of the Garton Foundation on the Industrial Situation After the War.”³ This memorandum, which is regarded as a classic in its field, is a compilation of opinions of representative manufacturers, economists, and labor leaders.

“Among those who are closely connected with industry, whether as employers or as leaders of organized labor, there are many who regard the future with grave apprehension. Both in the difficulties inseparable from readjustment and in the more permanent effects of the war upon our economic life, they foresee the occasion of a renewed outbreak of industrial friction which would not only obstruct our commercial progress but seriously cripple our power of recovery.

² W. J. Lauck, “British Industrial Experience During the War,” p. 941.

³ Pp. 6, 8, 9, London, Harrison & Sons, 1916.

"Because there has been a general cessation of disputes between labor and capital, which has enabled us to concentrate our energies upon the vigorous prosecution of the war, they imagine that the problem of industrial unrest has in some way been solved.

"There is evidence that many of the men who return from the trenches to the great munition and shipbuilding centers are, within a few weeks of their return, among those who exhibit most actively their discontent with present conditions. Among those who have fought in Flanders or who have been employed in making shells at home there are many who look forward to a great social upheaval following the war. To some this may be distressing and almost incredible. The facts remain, and the facts must be faced.

"So long as the country is actually at war this spirit is likely to be held in check both by the abnormal conditions of State control and by the patriotism of the mass of the people. So long as the peril from without remains the supreme factor, we may look to the workman to forego his most cherished safeguards and to employers and the propertied class to bear patiently restriction of profits and an unparalleled burden of taxation. But we have had evidence of a great body of suppressed resentment on both sides, which does not as yet come to the surface. The industrial peace is only a truce. It would be a mistake to assume that this truce will survive the immediate pressure of foreign war which brought it about.

"Just as nations formerly bitterly opposed have been united in face of a common peril, so Liberal and Tory, labor and capital have united to-day for a specific purpose."

From the pen of Sidney Webb, one of the clearest, most sympathetic and sanest students of English labor conditions, comes the warning: "A grave peril hangs over the Nation in the coming of peace. Unless a solution is timely found, which all parties will accept and which will not be prejudicial to the Nation's industrial development, there is serious danger of calamitous industrial strife. Without some such settlement, the future is indeed dark."⁴ The suppressed discontent and suspicion of labor, the narrowness of reactionary manufacturers, and the dis-

⁴"Restoration of Trade Union Conditions," pp. 7, 8, 102.

cordant strains of radical labor leaders give an ominous significance to such admonitions.

There is present on all sides a sense of a fresh start and a resolution to deal with fundamental questions.

"We must realize at the outset the impossibility of confining industrial reconstruction merely to emergency measures and neglecting ultimate questions. During the period immediately following the war the industrial system will set itself in new grooves which will determine its future lines of development. In many respects it has changed during the war, and when the war is over it may be expected to adapt itself to peace conditions. To allow the industrial system to set itself in a new mold and to limit industrial reconstruction to minimizing hardship and generally softening the shock of reversion to a peace footing would be an act of folly, for the new developments might soon prove to be disadvantageous to the national welfare.

"So far as labor is concerned, there is deep dissatisfaction with the industrial system. And the changes made during the war have done more to strengthen that feeling than to diminish it. The real root of the opposition appears to lie in the view that industry, alone of all departments of national and social activity, shows few signs of becoming democratic. To the workman it stands as a huge oligarchy in the midst of a State which is becoming more and more democratic, and side by side with a host of democratic voluntary organizations. What is lacking in industry is the sense of freedom and responsibility; what is resented is that the product counts for more than the producer." *

The Relations of Labor, Capital, and the State

The question of the relations of labor, capital, and the State was discussed extensively in a series of articles in the *New Age*, which were subsequently reprinted in book form.⁶ These articles discuss the probable industrial situation after the war and the policies to be framed to cope with it, from the point of

⁶ Arthur Greenwood, "How Adjustment May be Facilitated After the War," pp. 24, 25: *The Reorganization of Industry*, Ruskin College Conferences.

⁷ Huntley Carter, "Industrial Reconstruction—A Symposium on the Situation After the War, and How to Meet It," E. P. Dutton & Co., 1917.

view of labor, capital, and the State, as viewed by manufacturers and heads of engineering, shipbuilding, and mining companies, by labor leaders, trade unionists, syndicalists, and guildsmen, as well as by legislators, economists, educators, and authors. The following summary of the symposium is suggestive.

(1) *The Condition of Labor After the War.* The war has shown that all industries aim at national service. Common contact, common danger, and common suffering have led to a better understanding between capital and labor. However, there is a fear of an industrial revolution when over three million soldiers will wish to return to their old tasks and about two million emergency workers insist on keeping those places. In addition, women and juveniles in industry, as well as new methods such as the use of automatic machinery, the specialization of labor, and the standardization of production under a piece-work system—all have changed the character of British industry so that there may be no places of the old kind left to take. A return to pre-war conditions of inefficiency and restriction of output will be resisted not only by the employers but also by clear-thinking sympathizers of labor.

The status of labor depends of course upon the final outcome of the war, upon disarmament, and upon other indeterminable factors. Yet there is no doubt that the trade unions have gained in prestige, because the war industries are unionized, because labor leaders were recognized and consulted by the Government, and because, as was evident in the exhortations of cabinet ministers to munition workers, the rank and file constituted the country's defense against the enemy. On the other hand, labor has become weaker by reason of the surrender of its safeguards, and it is feared that the demobilization of about two million unorganized and unskilled emergency workers operating automatic machines will diminish the bargaining power of skilled craftsmen organized in trade unions. And yet the fight is futile against automatic machinery, female labor, and scientific management, all of which are as inevitable as were the application of power and machinery to industry. The war has revealed the latent productive power of England, whose artificial damming back harmed the Nation and therefore also the workers. Labor can question the distribution of profits only if there are any profits earned. On the other hand, profit sharing, which is

avored by the unorganized workers, is regarded as a menace to the socialistic plans of organized labor. Factional strife within the ranks of labor is a disintegrating force.

(2) *The Condition of Capital.* As for the condition of capital after the war, it will be strengthened by reason of the huge war surpluses which have been built up and by reason of the concentration and amalgamation which took place during the war. In addition, control by the State and the increased part it is taking in commerce and industry tend to reinforce the present dominance of capital. Public sympathy also will lean toward capital in its attempt to capture foreign markets, a purpose for which further combination has been advocated and undertaken. Interruptions by strikes will be resented in the national interest. And last but not least, capital will be supported by women and unskilled emergency workers, unorganized and depending upon a beneficent paternalism, whom skilled mechanics, organized and aggressive, will try to displace.

(3) *The Policies of Labor and Capital.* The policies advocated naturally vary. In general, human happiness is regarded as the aim of a reorganized society, and production is regarded as a means only and not as an end. Effective external competition demands internal coöperation. Labor and capital will have to unite, even if only temporarily, to hold foreign markets. The output per man will have to be increased without fatiguing the worker or exploiting labor. Each trade is to be organized on a national basis to include all employers and all employees, so that the Government may be able to treat with entire industries (as it now treats with geographic units of government), and not be compelled to deal with incomplete and voluntary professional associations or workmen's trade unions. Industrial democracy implies that each factory and each industry is administered by a joint council of the employer and the employed.

(a) *Radical Views.* In the presentation of the policies of labor, there are two distinct parties—the radicals and the moderates. One class believes in revolution, and the other in directed evolution. The radicals advocate:

(i) That labor should accept concessions only without surrendering any fundamental rights, including the right to repudiate its leaders.

(ii) That an alliance with capital is dangerous under any pretext.

(iii) That the "three years' truce" with capital after the war would be a fatal surrender of the right to strike.

(iv) That all welfare work and scientific management should be handled exclusively by labor.

(v) That labor should reject profit sharing and copartnership, because they tend to break down the trade-union spirit.

(vi) That it should reject a system of industrial reorganization in which labor will be asked to increase output on the plea of patriotism and self-interest and to receive in return the benefits of unemployment insurance and minimum wage acts.

(vii) That it should attempt to take control into its own hands.

Radical labor leaders fear that capital will entrench itself by making concessions in profit sharing, copartnership, welfare work, and the limitation of hours of labor, but maintaining throughout the principle of private profit to capital. "To further revolutionary ends labor should organize, federate, and bluff" is the epigrammatic policy of one spokesman, who believes that capital must prepare for peaceful abdication but may manage to keep control for a further brief period by discreet concessions.

(b) Moderate Views. Moderate labor opinion is less visionary and advocates merely such improved measures as can be put into effect at once. It insists that capital recognize labor's share in the national service as the State has recognized it and justifies the desire to share in shop control as part of a craving for freedom. Mutual trust and a desire to deal fairly should guide labor policies. As scientific management increases output, labor will not oppose it but asks for a share in its gains, realizing that labor's own interest lies in more efficient production. Slacking and restriction of output by labor are due to a lack of financial interest and to fear of unemployment if work is done too fast. Profit sharing and unemployment insurance, measures advocated by the moderate labor group, would remove these two obstacles to increased production. If it secured a share in the increased output labor would take the initiative by insisting on efficient managers and efficient methods. As for the rights of labor, every trade-union protection that has been suspended during the war should be restored or an equivalent value granted. For instance, real wages based on the cost of living should equal

in value those paid before the war. Overtime should be prohibited and the working day limited to eight hours, of three shifts if necessary, so as to give more men work. The unorganized workers should be admitted into the trade unions. Combinations of labor unions into larger federations should be fostered.

(4) *State Policies.* The State policies advocated for the period after the war likewise depend upon the views of the advocates. The guildsmen believe that the State should retain and use the plants it now owns, even though it profiteer on its own account. This step will substitute public for private authority and ultimately lead to the National Guild or to producers' control. Further, the State should readjust society to meet the growing demands of labor and not obstruct its preparations for industrial democracy.

Men holding less extreme views advocate that the State should not merely function negatively, by restraining practices which are dangerous to employees or opposed to the public good, but that it should act positively, by organizing and directing business, by aiding unorganized labor through legislation, and by controlling and regulating credit, banking, and new issues of capital as it has done during the war. Some labor leaders think that the State should have control of "key" industries, and that there should be public supervision but not nationalization. On the other hand, others think that State activities are inefficient. With respect to industrial disputes, arbitration and conciliation are indispensable to efficiency, industrial peace, and the national welfare. The State should provide for conferences between labor and capital, not only in times of strike but also in times of peace. The State should enforce trade agreements, for obedience to law both by labor and by capital is a basic requirement of social stability.

THE EFFECTS OF THE WAR

Labor Supply. Official British estimates show that in October, 1917, there were employed on munitions work and shipbuilding 2,022,000 men and 704,000 women, most of whom will have to seek other employment after the war. From an army of 450,000 men, including reserves, in the fall of 1914, England's military establishment grew to 7,500,000 men, who have been withdrawn

from the labor supply.⁷ These have been replaced largely by women and juveniles. The increase in the number of women and girls employed since July, 1914, and the extent to which they are replacing men are shown in the following table:⁸

EMPLOYMENT OF FEMALES, JULY, 1917

Occupation	Estimated number of females employed July, 1914	Increase since July, 1914	Direct replacement of men by women
Industries.....	2,184,000	518,000	464,000
Government establishments...	2,000	202,000	191,000
Gas, water, and electricity....	600	4,000	4,000
Agriculture (permanent).....	80,000	23,000	43,000
Transport.....	17,000	72,000	74,000
Tramways.....	1,200	16,000	16,000
Finance and banking.....	9,500	54,000	53,000
Commerce.....	496,000	324,000	328,000
Professions.....	67,500	20,000	21,000
Hotels, theaters, etc.....	176,000	22,000	38,000
Civil service, post office.....	60,500	45,000	51,000
Other than post office.....	4,500	53,000	48,000
Service under local authority..	196,200	29,000	23,000
Total.....	3,295,000	1,382,000	1,354,000
Agriculture (casual).....	50,000	39,000	38,000
Grand total.....	3,345,000	1,421,000	1,392,000

The rate of increase of the number of women replacing men may be seen from the change in figures from 1,071,000 in January, 1917,⁹ to 1,256,000 in April, 1917,¹⁰ to 1,392,000 in July, 1917,⁹ and to 1,442,000 in January, 1918.⁹ These figures must be corrected by the displacement from domestic service and the small workshop of about 300,000 women. The extent of the substitution of women for men is as much as 80 per cent in the textile industries.¹¹

⁷ *Wall Street Journal*, Feb. 6, 1918.

⁸ *Labor Gazette*, London, Nov., 1917, p. 395.

⁹ *Board of Trade Labor Gazette*, London, various issues of 1917 and 1918.

¹⁰ A. W. Kirkaldy, "Industry and Finance, War Expedients and Reconstruction," p. 32.

¹¹ Consul F. D. Hale, *Commerce Reports*, Nov. 6, 1917.

The range of vocations into which women have been drawn during the war is coextensive with British industry itself.

Replacement of Men by Women ¹²

The placings of Labor Exchanges for this period show women who had been substituted for men as—

- (1) learners in sheet-metal working
- (2) engine cleaners for a railway company
- (3) machinists in a torpedo factory
- (4) drivers for a tramway company
- (5) gas-meter inspectors
- (6) crane drivers
- (7) insurance agents
- (8) sawmill laborers
- (9) cemetery laborers
- (10) railway porters
- (11) painters of motor-car bodies
- (12) machinists for engineering firms
- (13) plumbers in a shipyard
- (14) bill posters
- (15) electric welders
- (16) foundry workers
- (17) armature winders
- (18) postwomen
- (19) lorry drivers
- (20) wood-cutting machinists for shipbuilding
- (21) molders at a grinding mill
- (22) chauffeuses
- (23) lift attendants (elevator runners)
- (24) tinsmiths
- (25) solderers in gas-meter works
- (26) telephone repairers
- (27) hay balers
- (28) laboratory assistants for wholesale chemists
- (29) tailors' pressers
- (30) cinema operators
- (31) bank clerks
- (32) glass blowers
- (33) pipe plasterers
- (34) bake-house assistants

¹² A. W. Kirkaldy, "Industry and Finance," p. 39, London, Isaac Pitman & Sons, 1917.

- (35) cork cutters.
- (36) gardeners.
- (37) core makers in an iron foundry.
- (38) mechanics of many kinds.

Labor Efficiency. "Notwithstanding the vast withdrawal of man power for naval and military service, the production of the country appears to have been not only fully maintained but actually increased. The United Kingdom is the only belligerent which increased its production of food during the war. Dr. Addison announced on June 28, 1917, that the annual output of steel was about 10 million tons, as compared with 7 million tons before the war. With regard to coal, notwithstanding the withdrawal of 282,500 miners, the output for 1917 was 247 million tons, as compared with 289 million tons in 1915, the home consumption being about 200,000 tons as compared with 191,000 tons. There was an increase of 68 per cent in the units of electricity sold for the year ending March, 1917, as compared with the year ending March, 1914."¹³

As a result of the recruiting of female labor and of the adaptations and rearrangements effected for speeding up production, the increase in the output of shells since the founding of the Ministry of Munitions is strikingly illustrated in the official statement that a year's output at the rate attained in 1914-15 was in 1917 provided in—

13 days for 18-lb. ammunition.

7 days for heavy howitzers.

5 days for shells for medium guns.

less than one day for shells for heavy guns.¹⁴

This increase of output was made possible by a series of studies in scientific management and industrial fatigue. Dr. Stanley Kent's report on industrial efficiency and fatigue cites an increase in output due to a decrease in the hours of labor from twelve to ten hours per day, and subsequently from ten to eight.¹⁵ As a result of installing American methods of scientific management, the women of England did as well as the workers in American munitions plants and in some respects better, ac-

¹³ Edgar Crammond, address to the Society of Arts: *New York Journal of Commerce*, Mar. 20, 1918.

¹⁴ A. W. Kirkaldy, "Industry and Finance," p. 42.

¹⁵ Dampier Weatham, "The War and the Nation," p. 159.

cording to a statement of the Labor Supply Department of the Ministry of Munitions.¹⁶

The English apparently have awakened to the possibilities of this American invention, now in unfortunate disfavor in the United States. One writer says: "It is a fact that scientific management is a wholly American movement. Its experiments were American. Its leaders were American. Its literature, now comprising fully 100 volumes, is entirely American. With regard to the whole matter, we are still more than ten years behind the United States."¹⁷ That they are overcoming their handicap is evident.¹⁸ In a Government-controlled factory near Manchester a cycle chain roller was at one time made at the rate of one in ten seconds. As a result of study of the whole process and the elimination of unnecessary movements it is now being made at the rate of three in eleven seconds. A decrease of output during the later part of the morning was detected, analyzed, and eliminated by a quarter-hour period for rest and refreshment.

The abrogation of trade-union limitation of production was a contributing factor. "The relaxation of these restrictive rules and customs has been accompanied by the use of trade-union discipline to increase production in the national interest. The combined effect of these two forces has been colossal."¹⁹

"*National Service.*" At the beginning of 1917 the British Government realized that it could not rely alone on attractive wages to women, girls, and boys to facilitate the conduct of the essential industries. The scheme for national volunteer service was inaugurated, under the terms of which men between the ages of 18 and 61 could enroll at post offices, employment exchanges, and town halls. Conditions were set with regard to the rate of wages, traveling expenses, and subsistence allowances for those living away from home, and provisions were made for conferring modified unemployment benefits to the industrial conscript. Men already giving their best services to the State were not to be called upon to change the nature of their occupation.

¹⁶ *New York Times*, Dec. 27, 1917.

¹⁷ Gray and Turner, "Eclipse or Empire," p. 152.

¹⁸ *New Methods that Have Increased Output: System* London, May, 1916.

¹⁹ "British Industrial Experience," p. 1014.

National service did not carry with it exemption from military service. The object was to obtain from the less essential industries a sufficient number of substitutes to take the places of men who had to be released for military purposes from the more essential industries. Next was developed the idea of a labor pool or a mobile force—numbering in 1917 about 200,000—which might be shifted into any form of work that the Ministry considered vital at any given time.²⁰ To accomplish this purpose two lists of trades have been prepared. One list, entitled "Restricted Occupations," enumerates industries into which additional male labor is not to be permitted to go unless the men have enrolled as National Service Volunteers. The other list, covering "Trades and Occupations of Primary Importance," shows in what fields new labor may best be used in the national interest. Each trade, through its Joint Committee of Employers and Workpeople, if it is one of the organized trades, or through the local National Service Committee, if it is one of the less well-organized trades, prepares lists of "substitution" volunteers. The terms of employment compensate those transferred to war work in detail as to difference in wages, railroad fare, and subsistence allowances.

Studies in Labor Welfare. As a result of the scarcity of labor which prevailed even after the utilization of women and juveniles and after the inauguration of National Service schemes for the transferring of labor from the less to the more essential industries, studies were undertaken to improve the efficiency of the individual worker. The "British Health of Munition Workers Committee" was appointed in the middle of September, 1915, by the Minister of Munitions, to consider and advise on questions of industrial fatigue, hours of labor, and other matters affecting the personal health and physical efficiency of workers in munitions factories and workshops.²¹

The scope of the studies is indicated in the titles of the memoranda submitted, namely, "Sunday Labor," "Hours of Work," "Statistical Information Concerning Output in Relation to Hours of Work," "Industrial Fatigue and Its Causes," "Sickness and

²⁰ *Journal of Commerce*, Jan. 3, 1918; *British Board of Trade Labor Gazette*, February, March, April, and May, 1917.

²¹ *U. S. Bureau of Labor Statistics Bulletins* 221, 222, 223 and 230.

Injury," "Special Industrial Diseases," "Ventilation and Lighting of Munitions Factories and Workshops," "The Effect of Industrial Conditions upon Eyesight," "Welfare Supervision," "Industrial Canteens," "Investigation of Workers' Food and Suggestions as to Dietary," "Washing Facilities and Baths," "The Employment of Women," "Juvenile Employment," "The Comparative Efficiency of Day Work and Night Work in Munitions Factories," "The Causes and Conditions of Lost Time," "Incentives to Work with Special Reference to Wages," and "Health and Welfare of Munition Workers Outside of Factories." (These memoranda received early notice by the United States Bureau of Labor Statistics and were subsequently reprinted in a special series by that Bureau. Unfortunately, insufficient publicity and therefore little credit is given to its splendid work in this direction.)

Industrial Unrest. Not only have the conditions affecting individual efficiency been studied as a result of the war, but also the social conditions which affect output. The Section of Economics and Statistics of the British Association for the Advancement of Science appointed a conference committee to consider this question. Its report ²² on industrial unrest indicates the following to be the main causes which have been suggested:

- (1) The desire of workpeople for a higher standard of living.
- (2) The desire of workpeople to exercise a greater control over their lives and to have some determining voice as to the conditions of work. These include a consideration of the effects of speeding up on the one hand and of the limitation of output on the other.
- (3) The uncertainty of regular employment.
- (4) Monotony in employment.
- (5) Suspicion and want of knowledge of economic conditions.
- (6) The desires of some employees for more regular and satisfactory labor.
- (7) The effects of war measures.

In the following year (June 12, 1917) Lloyd George appointed a "Commission to inquire into and report upon industrial unrest and make recommendations to the Government at the earliest

²² A. W. Kirkaldy, "Labor, Finance, and the War," p. 21, 1916.

practicable date." The following is a summary, in part, of the findings of this commission:

(1) High food prices in relation to wages and unequal distribution of food.

(2) Restriction of personal freedom and the effects of the Munitions of War Act.

(3) Lack of confidence in the Government—a feeling that promises as regards the restoration of surrendered trade-union customs will not be kept.

(4) Delay in the settlement of disputes.

(6) Lack of housing in certain areas.

(7) Restrictions on liquor consumption.

(8) Industrial fatigue.

(9) Lack of proper organization among the unions.

(10) Lack of communal sense—a break-away from faith in Parliamentary representation.

(13) Lowering of the limit of income-tax exemptions.

This situation was put in concrete figures. "Wages in Great Britain advanced more than a half billion dollars last year. This has had a marked effect on prices and has caused disputes that resulted in the loss of millions of working days."²³ "Rates of money pay were advancing but they failed to keep pace with the abnormal increase in prices. The constantly growing pressure upon industrial workers for overtime and general speeding up as well as the suspension of pre-war standards were accompanied by a harrowing increase in retail prices and a decline in real wages."²⁴

The industrial unrest prevailing was the occasion for caustic attacks on the present economic system and the basis for arousing a passionate discontent in the minds of workingmen.²⁵ The various long-range programs for eliminating or mitigating industrial unrest are given elsewhere.

²³ *Liverpool Post*, quoted by the *Wall Street Journal*, Jan. 30, 1918.

²⁴ "British Industrial Experience," p. 960.

²⁵ G. D. H. Cole, "Self Government in Industry."

EMERGENCY MEASURES

Demobilization of Soldiers and Munition Workers, Women, and Juveniles ²⁶

(1) *Of Soldiers.* (a) *Principles of Demobilization.* While the problem of demobilization had been discussed as early as 1915, a clear statement of it by Parker of Waddington is found in the *Quarterly Review* for April, 1916.²⁷

"The most immediate and obvious of our after-war problems is the demobilization of our military forces. In order to return so large a body of men to industrial life with the least possible friction and in the shortest possible time, we surely need some central executive body in close touch with those requiring work on one hand and with their possible employers on the other—a body which will not content itself with helping individual applicants but will itself take the initiative in the matter. It will have to ascertain and classify those who, when the war is over, will desire to obtain employment, with their qualifications and preferences as to locality and otherwise. It will in like manner have to ascertain and classify the various industries throughout the country which, after the war, will require labor, and the extent to which and the time at which this labor will be required. It may also be advisable to consider what industries, from a consideration of financial credit, ought to be reorganized first."

The principles that should govern reconstruction were stated in a conference on the reorganization of industry, held at Ruskin College July 21 to 23, 1916, by Arthur Greenwood: ²⁸

"The war office may of course find that there are obstacles to any other method, but these obstacles must be proved to be insuperable before the country is committed to demobilization

²⁶ "Credit, Industry, and the War," reports presented to the Section of Economic Science and Statistics of the British Association for the Advancement of Science, edited by A. W. Kirkaldy, Pitmans, London, 1915.

²⁷ See also Sidney Webb and Arnold Freeman, *Great Britain After the War*: Idem, September, 1916; and Sidney Webb, *When Peace Comes*: Idem, October, 1916.

²⁸ "How Readjustment After the War May Be Facilitated," pp. 27, 28, 29.

by military units. The mobilization of the army and enlistments generally were governed primarily by military and not by industrial considerations. The claims of industry came second to the claims of the War Office. But demobilization is primarily an industrial and a social question and only in a minor degree a military question. Industrial and social considerations ought therefore to govern the situation. A reasonably long furlough should be granted to as many soldiers as possible when the time comes, and during this period arrangements could be made in large numbers of cases for return to civil employments. In general it may be said that the army should be disbanded so far as possible according to the needs of industry—that is to say, that workers in the army for whose services there is an assured need should be liberated first, and that soldiers for whom there may be some difficulty in obtaining suitable employment should, provided they offer no objection, be retained in the army until industrial outlets can be obtained for them. Where after inquiry it is found that soldiers have situations awaiting them, military regulations should not stand in the way of an early discharge. In other words, just as the industrial population owing to the war was considered as a military reserve, so after the war the army should be considered as an industrial reserve.

“The problem of demobilization consists in the satisfactory reinstatement of something like 4,000,000 soldiers in civil life, and the transfer of perhaps 2,000,000 or more workers for labor of a different kind. The question is therefore one of enormous proportions, and considerable dislocation is inevitable unless there is adequate organization. Never before has a community been faced with a problem of absorption on so large a scale. Philanthropy and voluntary efforts could not possibly cope with it.

“The disbandment of the greater part of the 4,000,000 soldiers in our army may easily add enormously to the dislocation after the war. Demobilization by regiments or battalions, for example, would accentuate the difficulties of absorption and reinstatement.

“At the end of the war there will be a considerable number of partly disabled soldiers who will be in receipt of pensions. It is necessary, therefore, that steps should be taken to prevent these men, because they are subsidized by the State, entering into competition with other workers. The competition of these dis-

charged soldiers can be minimized by the adoption of a legal minimum wage for partly disabled soldiers equal to the prevailing rate of pay for the work on which they are employed."²⁹

(b) *Mechanics of Demobilization*.—(i) *Committees on Demobilization*. The Ministry of Reconstruction in 1917 appointed a group of committees to consider the various aspects of demobilization.

(1) Demobilization of the Army Committee.—To consider arrangements for the return at the end of the war to civil employment of officers and men serving in the land forces.

(2) Officers' Resettlement Subcommittee.—To consider and report what arrangements require to be and can be made on demobilization for resettlement of officers in civil life, and also of men belonging to classes to which, in the main, officers belong.

(3) Disabled Officers' Employment Committee.—To assist disabled or invalided officers who may be desirous of obtaining employment.

(4) War Office Demobilization Committee.—To consider questions requiring settlement in connection with the demobilization of the army in so far as they fall within the province of the War Department; to act as a link with the committee of the Ministry of Reconstruction; and to prepare a draft scheme of demobilization.

(5) Demobilization Coördination Committee.—(a) To consider how far the proposed special arrangements to demobilize, immediately peace is declared, men specially required in connection with the work of demobilization can or should be extended to other men belonging to the public service or to similar "pivotal" men in industry. (b) To coördinate the working of the demobilization scheme of the War Department with the resettlement scheme of the Ministry of Labor. (c) To settle, during demobilization, instructions with regard to priority which may appear to be rendered necessary on public grounds or by the sort of employment in the different industries.

(6) Civil War Workers' Committee.—To consider and report upon the arrangements which should be made for the demobilization of workers engaged during the war in national factories, controlled establishments, and other plants engaged in the production of munitions of war and on Government contracts, or in

²⁹ See also Consul Franklin D. Hale, *Reemployment After the War in England: Commerce Reports*, Nov. 7, 1917.

plants where substitute labor has been employed for the duration of the war.

(7) Horse Demobilization Committee.—To frame proposals for the demobilization of horses and mules in relation to the general scheme of demobilization.

(8) Disposal of War Stores Advisory Board.—To expedite the preparation of any necessary inventories of property and goods of all descriptions held by Government departments, and to consider and advise upon the disposal, or alternative form of use, of any property or goods which have or may become, during or on the termination of the war, surplus to the requirements of any department.

(ii) *Procedure*.³⁰ According to an announcement of the Ministry of Labor, the responsibility for carrying out demobilization will rest with the Admiralty and the War Office, so far as the naval and military arrangements are concerned, and with the Ministry of Labor as regards the resettlement of discharged sailors and soldiers in civil life.

"The Lords Commissioners of the Admiralty and the Army Council have accepted as the basis of their plan for demobilization the principle that when a lasting peace has been assured men must be released from the forces in accordance with civil rather than naval or military requirements.

"In order to help the sailors and soldiers to get back into civil life as quickly and as easily as possible, the Ministry of Labor proposes to use the machinery of the employment exchanges. The Minister of Labor also proposes to invite the employers' associations and trade unions to give him the fullest possible assistance both centrally and locally. In the first place, a central committee, to be known as the Labor Resettlement Committee, has been set up, consisting of representatives of the employers and the trade unions in the principal industries in equal numbers, together with representatives of the departments concerned with demobilization. The Minister of Labor will be chairman of the committee.

"In addition to the Labor Resettlement Committee, Local Advisory Committees have been set up in connection with all the principal employment exchanges, consisting of representatives of the employers and trade unions in the principal local industries

³⁰ *British Board of Trade Journal*, Feb. 21, 1918, p. 222.

in equal numbers, to whom will be added for the purpose of demobilization a certain number of representatives of local bodies particularly concerned with the welfare of discharged soldiers. It is hoped that a great deal of the work of finding employment for discharged men and of adjusting the difficulties which may arise in individual cases will be performed by these committees, which the Minister regards as a vital part of the machinery for the resettlement of industry.

"Further, in addition to the general questions which will be dealt with by the Central Committee and the local or individual questions which will be dealt with by the Local Advisory Committees, there are a number of problems which can be satisfactorily solved only by the industries themselves. The Minister is accordingly very anxious that Joint Standing Industrial Councils³¹ shall be set up for the organized industries as soon as possible on the lines recommended by the Whitley report. To these bodies he would be prepared to refer immediately a number of problems of this kind which require careful consideration by workmen and employers sitting together. The functions of these councils in regard to resettlement would be coördinated by the Central Committee."

(2) *Of Civilian War Workers.*³² The "First (interim) Report of the Civil War Workers' Committee," which was appointed by the Ministry of Reconstruction "to consider and report upon the arrangements which should be made for the demobilization of workers engaged during the war in national factories, in controlled establishments, in other firms engaged in the production of munitions of war and on Government contracts, or in firms where substitute labor has been employed for the duration of the war," covers the question of demobilizing the nonmilitary war workers.

The summarized recommendations of this report provide that—

(a) Steps should be taken by the Government to assist munitions workers and others discharged on the termination of hostilities to return to their former or other employment.

(b) The machinery for this purpose should be the Employment Exchanges, working in conjunction with the Labor Resettlement

³¹ See Whitley report, cited below.

³² *Labour Gazette*, London, August, 1918, p. 307.

Committee and the Local Advisory Committees, which are now being constituted by the Ministry of Labor in accordance with the recommendations of the Army Demobilization Committee.

(c) In addition, the advice of industries as a whole should, where necessary, be sought through the Joint Industrial Councils,⁸² where these exist, or otherwise through the temporary Trade Committees, which are now being set up jointly by the Ministry of Reconstruction, the Board of Trade, and the Ministry of Labor.

(d) As soon as there is a reasonable prospect of peace, the Local Advisory Committees and the Employment Exchanges should take steps to ascertain where workers are likely to be required immediately on the termination of the war, and what the demands of individual factories are likely to be.

(e) The registration of individual war workers should be undertaken with a view to facilitating their return to their former employment or finding fresh employment for them. The details of this scheme should be worked out by the Ministry of Labor, care being taken that the assistance of trade unions shall be secured.

(f) Arrangements should be made in connection with the termination of Government contracts whereby munition workers should receive a fortnight's notice or a fortnight's wages.

(g) Steps should be taken by the departments concerned to encourage Government Departments, public or semi-public bodies, and private employers to take post-war contracts in advance, the contracts being arranged, if necessary, at provisional prices to be adjusted later according to revised estimates of the cost of labor, materials, and other things, or, as an alternative, on a percentage profit basis. Similar measures should be taken by the Department of Overseas Trade through its trade commissioners and commercial attachés abroad.

(h) The Government should have in readiness, before the end of the war, further schemes to meet the possibility of any local or general unemployment which may prove to be more than of a temporary nature.

(3) *Of Women.* "One of the most difficult problems connected with demobilization concerns the position of those women who during the war have done industrial work hitherto done by men only. If women are to compete with men to a greater extent than they have done in the past, a series of fresh problems must

⁸² See Whitley report, cited below.

necessarily arise. It will of course be necessary to consider upon what conditions women can be admitted to industrial competition without danger to their health or the health of the next generation. Besides this, it is obvious that increased competition in the labor market has a tendency to reduce wages and must almost necessarily do so unless accompanied by a corresponding expansion in industries, for which again time and capital will be required. Moreover, men are not unlikely to resent the increased competition of women; and this resentment will be justifiable as long as employers are able, by reason of the fact that women's labor is unorganized, to impose on them a scale of wages lower than that enjoyed by men doing similar work. If women are to compete with men, they should be organized as men are organized; and the question will arise whether it is better policy to aim at giving them an organization of their own or at procuring their admission to the existing workmen's organizations." ³⁴

INFLUENCES AFFECTING WOMEN IN INDUSTRY ³⁵

	PROMOTIVE FACTORS	RESTRICTIVE FACTORS
Causes affecting demand for women's labor.	i. Need for increased production. ii. Death and disablement of many male workers resulting in a scarcity of labor, and in	i. Destruction of capital and consequent restriction of employment. Temporary nature of war work. ii. Return of some unknown proportion of men from the war to ordinary employment, resulting in lessened demand for women, and in an
Causes affecting the supply.	iii. Restricted prospect of marriage for women; greater need to earn. iv. Increased taxation; decreased employment on luxuries; more women available for industry.	iii. Increased marriage rate; possibly an increased birth rate. iv. Married women leaving work after stress of war.
Socio-psychological.	v. Women desiring to retain the footing they have won.	v. Increased solicitude for children.

³⁴ Parker of Waddington, Some After-War Problems: *Quarterly Review*, London, April, 1916.

³⁵ B. L. Hutchins, The Position of the Woman Worker After the War: *Economic Journal*, London, June, 1916.

In a study on the employment of women after the war, the Committee on Outlets for Labor After the War suggests the following means to reduce the ill effects of a supply of female labor in excess of industrial requirements.³⁶

(1) Extensive migration of women, to accompany men to the colonies or back to the land.

(2) Equal pay for equal work, and a minimum wage for unskilled labor, male or female.

(3) Withdrawal of widows, with young children, from industry by an adequate pension scheme, and restricting home work.

(4) A reconsideration of the half-time system.

(5) Better technical training for juveniles.

(4) *Of Youths.* "A considerable number of youths have during the war been promoted to work previously done by men and diverted to specialized processes of a new kind. In demobilizing them several factors should be considered. In the first place, it should be decided which occupations are suitable and which are not suitable for young workers. Secondly, those occupations into which it is agreed to admit youths should be regulated so as to protect them from overstrain. Thirdly, all youths under 18 should be required to attend part-time continuation schools during the daytime."³⁷

(5) *Of War Materials.*

The Restoration of Trade Union Conditions

(1) *Nature of Suspended Rights of Labor.* "Second only to the problem of demobilization is the problem of the restoration of trade-union conditions."³⁸ To understand the nature of the problem, let us briefly review the rights enjoyed by labor, which were temporarily suspended. At a conference on March 17, 1915, with Mr. Lloyd George, Chancellor of the Exchequer, and Mr. Runciman, President of the Board of Trade, the leading labor

³⁶ "Credit, Industry, and the War," p. 93, 1915.

³⁷ Arthur Greenwood, "The Reorganization of Industry," pp. 32, 33. See also *Employment for British War Widows: Commerce Reports*, Jan. 8, 1918.

³⁸ Sidney Webb, "Restoration of Trade Union Conditions," p. 7.

organizations entered into an agreement. There were represented (i) the Parliamentary Committee of the Trade Union Congress and the General Federation of Trade Unions; (ii) ten engineering unions, including steam-engine makers, machine workers, toolmakers, patternmakers, iron founders, iron molders, blacksmiths, and workers in the electrical trades; (iii) four shipbuilding unions, including boilermakers, shipwrights, and sheet-iron workers; (iv) two iron and steel trades unions; (v) three unions in other metal trades; (vi) seven wood-workers' unions, including carpenters, joiners, house and ship painters and decorators, woodcutting machinists, cabinetmakers, and workers in the furnishing trades; (vii) three laborers' unions; (viii) two transport workers' unions; (ix) one woolen workers' union; and (x) one boot and shoe operatives' union. The parties bound by the agreement were the Government, all trade unions subscribing thereto, and employers in whose establishments the trade unions sanctioned the agreement. Its terms follow:

(i) *Prevention of strikes.*

(a) During the war there shall in no case be any stoppage of work upon equipments of war.

(b) To prevent friction and to keep differences from arising, all changes of working conditions shall be preceded by notice to the men and by an opportunity for conference.

(c) Differences as to wages or conditions of employment arising out of the war shall be settled by the prescribed method.

(d) Questions not arising out of the war should not be made the cause of stoppage during the war period.

(ii) *Removal of restrictions on output.*

(a) In general, all trade unions shall submit to changes necessary for accelerating the output of munitions.

(b) In particular, they shall permit (1) unrestricted individual production, (2) dilution of skilled labor by the introduction of female, semi-skilled, or unskilled labor.

(iii) *Concessions to the trade unions.*

(a) The employers shall give undertakings to the Government that the removal of restrictions on output shall prevail only for the period of the war, and that pre-war conditions shall be restored after the war.

(b) A record of departures from pre-war conditions shall be kept and "shall be open for inspection by the authorized representatives of the Government."

(c) The customary district rates for the work shall be paid to female, semi-skilled, or unskilled labor used to dilute the labor supply.

(d) Priority in post-war readjustments shall be granted to men in employment at the time of the signing of the agreement or to men who have left their employment to join the military or naval forces.

The Amalgamated Society of Engineers signed this agreement only after the inclusion of clauses under which the Government would limit the profits to result from the relaxation of trade-union restrictions so that the benefits would accrue to the State and not to private capital. Other terms of the supplementary agreement are to the effect that the relaxation of trade practices contemplated in the agreement relates solely to work done for war purposes during the war period, and the Government will undertake to use its influence to secure restoration of previous conditions in every case after the war.³⁹

(2) *Pledges to Restore Trade-Union Conditions.* The pledge for the restoration of trade-union conditions was given time and again by almost every minister representing all the parties in the Coalition Cabinet. "In short, as Mr. Lloyd George said on June 23, 1915, the abrogation [of these conditions] 'during the war' was agreed to, on the honor and pledge of the Nation that things would be restored exactly to the position they were in before the suspension of all these restrictions on practices that interfere with the output of raw materials (House of Commons, June 23, 1915). 'We promised,' said the present prime minister to the Trade Union Congress on September 9, 1915, 'that we would give a guaranty that at the end of the war the pre-war conditions would be restored. How have we done that? We have done it, not merely by solemn declarations on the part of the Government, but we have embodied them in an act of Parliament. We have a statutory guaranty carried unanimously by Parliament, by men of all parties, all sorts and conditions of men. They are all in it, and they are all committed to that guaranty.'"⁴⁰

³⁹ W. J. Lauck, "British Industrial Experience During the War," Pt. III, pp. 991, 992, 995, 996.

⁴⁰ Sidney Webb, "Restoration of Trade Union Conditions," p. 23.

(3) *The Difficulties, the Dangers, and the Opportunities of Restoration.* In spite of all these solemn pledges, a literal return to pre-war conditions is humanly impossible. If Parliament, the Ministers, the employers, and the Nation had pledged themselves to unscramble an egg or, to use a closer analogy, to unhatch a chick and put it back into its shell, the world would be as skeptical with regard to the possibility of this performance as the English workmen apparently are with regard to the feasibility of reducing a higher staged and more complicated industrial organization to its former simple and less efficient state. The transformations of industry and the resultant change in methods were catalogued by Mr. Webb.⁴¹

(a) *The Transformation of Industry.* "The Government requirements gradually transformed their factories and workshops, not only as regards buildings and machinery, but also as regards the hours of labor, mealtimes, overtime, and holidays; the methods and rates of remuneration; the conditions of engagement and suspension and of dismissal; the disciplinary code, with its fines and other penalties; the relation of the operatives to the machines and of the various grades and classes of operatives to each other; and, above all, as regards the grades, classes, ages, trades, and sex of the operatives employed. It is suggested that no such sweeping transformation in the organization of British industry—a transformation occurring not in any one trade only but simultaneously in nearly all branches of manufacture—has taken place since what is known as the Industrial Revolution of 1780-1825."

(b) *The Industrial Changes.* "We shall realize better what is the character of the 'trade-union conditions' that have been suspended if we state the changes in the organization and management of the factory that their abrogation has permitted.

"(i) Changed the processes of manufacture, notably so as to enable work formerly done by skilled craftsmen to be done by women or laborers.

"(ii) Introduced new and additional machinery with the same object.

"(iii) Engaged boys, women, and unapprenticed men in work or on processes formerly done by skilled craftsmen.

⁴¹"Restoration of Trade Union Conditions," pp. 26, 33.

"(iv) Increased the proportion of boys to men.

"(v) Substituted piecework and bonus systems for time wages; and that without any printed and collectively agreed to piecework list of prices, or other protection against a future cutting of rates.

"(vi) Increased the hours of labor, sometimes refusing also any satisfactory addition for overtime, night duty, and Sunday work.

"(vii) Suppressed demarcation disputes and ignored all claims, whether to kinds of work or particular jobs, of particular unions, particular grades, particular sets of craftsmen, or a particular sex."

(c) *Dangers of a Sham Restoration.* To the dangers of a sham restoration, as Mr. Webb calls it, English labor is keenly alive. Such a restoration could have only adverse results, for the employer, for the workman, and for the State. But grave as are the potential dangers of a sham restoration, the opportunities for permanent good inherent in an equitable adjustment easily compensate for them.⁴² "This gives the industrial world an opportunity to overhaul its wages and organization and make a new agreement as to wages, conditions of employment, etc. Workpeople have something substantial to bargain with, and if employers act wisely a great advance may result."⁴³

"The departure from rule for the duration of the war brings a new hope of social and industrial progress in the near future. For though it is the workpeople's undoubted right to have the old trade-union safeguards reimposed, it by no means follows that they will universally desire the restoration or continuance of them in their old form. They will not be, if it is demonstrably not in their interests; and there must be numerous cases in which it will not be, and numerous other cases in which greater advantages can be offered alternatively. A great opportunity that may never recur is before us of so harmonizing conflicting interests that class antagonism is transformed into class alliance."⁴⁴

⁴² A. W. Kirkaldy, "Labor, Finance, and the War," p. 51, 1916.

⁴³ Prof. S. J. Chapman, "The State and Labor," chapter in "After-War Problems," p. 143, 1917.

⁴⁴ *Idem*, p. 148.

(d) *A Typical Case—Women in Industry After the War.* How the restoration of trade-union conditions is reconciled with the continued participation of women in industry is well illustrated in a report on "Women in the Engineering Trades," by Barbara Drake.⁴⁵ This report recommends that the men unionists coöperate with women rather than compete with them. Trade unionists should not attempt to oust women from industry but rather aid in organizing them, so as to take out of employers' hands a whip over organized labor.

"The proposals made to safeguard the trade-union position against the admission of female labor in the engineering trades are summed up as follows:

"(1) The securing of the rates customarily paid for the job on work not recognized as women's work before the war—'one rate for one job,' or 'equal pay for equal work.'

"(2) The securing of an adequate minimum wage for all women employed in the engineering trades, equivalent in real wages to the minimum subsistence wage for adult women.

"(3) The securing of a minimum education for all young persons under 18 years of age, to insure the welfare of children and to reduce competition of juvenile labor.

"(4) The securing of adequate provision against unemployment.

"(a) Half-time shifts for young people under 18.

"(b) When the index of local unemployment reaches a certain point, the education authorities shall retain at school for whole-time education with maintenance a proportionate number of young persons.

"(c) As an extreme measure, adequate maintenance, with the option of training, shall be provided for all unemployed women for whom no places are available in their own trades, pre-war or present, at the employment exchanges.

"(5) The protection of female and immature labor from occupational injury.

"(a) A reduction in the legal hours of work to 48 a week after the war.

"Report based on an inquiry by a joint committee of the Fabian Research Department and the Fabian Women's Group, London, George Allen & Unwin, 1917.

"(b) That the number of women factory inspectors and medical officers attached to the factory department shall be increased.

"(c) That routine medical inspection and treatment shall be extended to all young persons under 18 years of age.

"(d) That a departmental inquiry shall be undertaken by the responsible Government departments into the effects of occupation on maternity.

"(e) That the appointment of a forewoman or woman supervisor shall be compulsory in factories or workshops employing young girls under 21 years of age.

"(6) The securing of a direct share to the worker in the control of his or her working life."

Women are to be represented on the welfare committee in all establishments in which they are employed.

As trade-union conditions cannot be restored literally, some substitute rights equivalent to those waived are being demanded. It is probable that the solution of the problem lies in this direction.

Complete Schemes

In addition to plans for demobilization and for the restoration of trade-union conditions, there have been several complete schemes covering the immediate after-war needs and dealing with the many emergencies that will arise. Such complete schemes have been put forward by the Liverpool Fabian Society and by the Garton Foundation.

(1) *Of the Liverpool Fabian Society.*⁴⁶ (a) *The Immediate After-War Situation.* Sidney Webb, in his report presenting the immediate after-war situation, anticipates a lengthened dislocation of the labor market; a sudden collapse of the industries incidental to the war; the competition of the discharged soldiers and sailors with the disbanded munition workers for employment; lack of capital; high rates of interest; dear food; and rising rents. "Unless very drastic action is taken wages will come down with a run; the result will be great anxiety and suffering, certain deterioration in physique and character, a

⁴⁶ "Industrial Conditions After the War: The Place of the Labor Exchange," pp. 7-9, Liverpool Fabian Society, 1916.

terrible time for women and children, degradation of the standard of life, and injury to trade unions."

(b) *The Problems of the Future.* Any scheme to meet immediate conditions will have to consider the following six points:

(i) The policy to be adopted in regard to the manner of the release of soldiers and munition workers.

(ii) The adjustment of rates of wages and the maintenance of the standard of living.

(iii) The question of the employment of women in view of their recent incursion into the industrial field.

(iv) Workshop practice.

(v) The training of disabled soldiers and sailors.

(vi) Special provision for young men whose vocational training or apprenticeship has been interrupted by the war.

(c) *Remedial Measures Already Provided For.* To meet this crisis the report indicates that the Government proposals include the following:

(i) The discharged soldier is to be sent to the labor exchange. He is also for a period of say twelve months to come under the unemployment section of the National Insurance Act—that is, he would be entitled to 7 shillings per week while unemployed, payable through the labor exchange. The disabled soldier is also to be sent home on usual pay and separation allowance; to be given free railway ticket; and to be paid a gratuity of probably £5 or £6 for a private.

(ii) The local committees are to find work for partly disabled soldiers and for soldiers' widows.

(iii) The Prince of Wales' Fund is to deal with cases of distress.

(iv) The Distress Committees under the Unemployed Workmen Act, 1905, are to be revived.

(v) Finally, there would be the Poor Law, with the "Stoneyard" and the Workhouse.

(d) *Preventive Measures Recommended.* Mr. Webb calls upon the Government to take a larger view of its responsibilities in this matter and suggests several steps which labor itself should take to meet the crisis—for example:

(i) The formation of special local committees by the Trades Councils, with the following functions:

(x) To consider what is likely to happen in their own town—

how many soldiers will come back and how many munition workers will be discharged, etc.

(y) To coöperate with the Prince of Wales' Fund, the Statutory Pensions Authority, the Distress Committee, and the Board of Guardians.

(z) To press the Town Councils to put in hand plans for public works.

(ii) That trade unions should tax their members in order to increase their funds.

(iii) That the War Office should gradually disband the army and notify the labor exchange in advance before every soldier is released, so that, if possible, a job may be waiting for him at his home town. Also, if desired, similar information should be sent to the man's trade union.

(iv) That precisely similar arrangements should be made by the Minister of Munitions, in respect to all munition workers.

(v) That the Board of Trade should at once extend unemployment insurance to all trades.

(vi) That the Government should make a declaration in favor of maintaining the standard rate of wages.

(2) *Of the Garton Foundation.*⁴⁷ The Memorandum of the Garton Foundation is a survey of the British labor situation, treating of the pre-war conditions, the effects of the war on labor, the immediate after-war problems, or transition, and the long-range or reconstruction policies. It is the result of an inquiry among employers and laboring men. The sections on transition problems are quoted herewith.

(a) *Finding Jobs.* "It has been shown that the probable cause of unemployment after the war will be, not the lack of a demand for labor, but the difficulty of bringing together the workingman and the job. It should be possible for the Government to obtain a complete or approximately complete register of the previous occupations and capacities of the men to be disbanded.

"So far as military exigencies will permit, it is very desirable that workers for whose services there is an assured need should be the first to be disbanded, and that an early discharge should be given to those for whom situations are actually waiting. Above all, it is vitally necessary that the preliminary work of investiga-

⁴⁷ Memorandum of the Garton Foundation: op. cit., pp. 33-40, 49.

tion and the creation of machinery should be pushed rapidly forward, in order that there may be no delay or uncertainty in taking action when the time comes for disbandment. This margin of unemployment could, however, be largely reduced if not extinguished by State and municipal expenditure upon works of definite public utility. It should also be confined as far as possible to undertakings of a productive nature or connected with the restoration of the national plant."

(b) *Exodus from War Industries.* "The problem of providing peace employment for those who have acted during the war as stop-gap and emergency workers will be of less magnitude than that of reinstating the returned soldiers; but it will none the less be a formidable one.

"The great majority of these have left other employments, either because trade was slack in their own line or because of the higher remuneration or greater attractiveness of war work. Most of those who have done so may be expected to gravitate back to their former occupations; but not all will find it possible to gain immediate reinstatement. A large section consists of married women, more particularly of women whose husbands are with the colors, who have returned to industry during the war. The majority of these will doubtless return to domestic life; but many of them may be compelled to continue as wage earners or may desire to do so. A further section consists of girls who would in the normal course have entered industry during the period of the war and whose circumstances will certainly require them to seek other paid occupations when their war employment has come to an end. A number of these are young women who would not, in the ordinary course, have sought paid employment. Here again it is probable that a certain number will withdraw from industry when the national emergency is passed, but that a large number will remain as wage earners, either from necessity or from preference. There are also a considerable number of [former] domestic servants, some of whom will desire to retain the greater freedom and higher remuneration of their new occupations. Such women, whether they have taken the place of enlisted men or have been employed on munition work, will present a difficult problem."

(c) *Teaching Men Trades.* "In the reinstatement of demobilized men and the adjustment of labor to the new conditions,

large numbers of skilled workers may find themselves compelled to seek employment in trades for which they have not been trained.

"Of less economic importance, but a debt of honor which the Nation must not forget to pay, is the obligation to teach men who are prevented by partial disablement from following their old occupations some trade within their present capacity.

"At the same time, it is essential that without prejudicing the requirements of national defense, we should act promptly and vigorously in switching off munition work, scrapping what is half done and readapting our industrial plant to the uses of peace."

(d) *Assuring of Decent Wages.* "Since the cost of living has risen and will remain high, this will involve a demand for proportionately increased wages. The fixing of minimum rates in certain trades has also had a stimulative effect upon workshop management in those numerous cases where the methods and organization were such as to leave room for an improvement out of which the increased labor charge could be recouped."

(e) *Industrial Friction.* "Whatever emergency measures may be adopted, the avoidance of friction depends upon an agreement between labor, management, and capital as to the future organization of industry. Such an agreement must be based on frank recognition of the existing grievances of all parties and can be attained only by bringing home to the minds of each class the dangers arising from conflict and the advantages to be gained by coöperation. The possibility of such an agreement is discussed later."⁴⁸

LONG-RANGE LABOR POLICIES

A Point of View

In England "prophecy about industrial development after the war has become a popular pastime. Professors and preachers, literary men and business men, poets and journalists—all have their schemes for a reconstructed world of labor. Some of them carry us beyond the point where they can be of help for social purposes. To prepare with too much attention to detail for a

⁴⁸ See "Long-range Labor Policies," Garton Foundation.

distant future that may never come into being is unwise. That is the weakness of much idealist literature about the coming development of society. But if it is unwise to rush too far in advance of social progress, it is certainly folly not to be ready for the next step. It is useless to expect a sudden jump from the present order of things into a well-ordered state. Society, however, will move. The social thinker must therefore be at hand to smooth out difficulties and prepare the way for the next advance. He must see society 'steadily and see it whole.'"⁴⁹

"The economic system, which has been forced by the strain of war to make itself plastic, should be prevented from hardening again into rigid forms, if possible. Its habit has hitherto been that of a lobster—to grow a shell, discard it when it becomes unbearably tight, and then grow another. The ideal to aim at is continuous plasticity under working agreements which can be modified as need arises, seeing that schemes suited to all the features of an unforeseen future cannot possibly be devised."⁵⁰

While the man in the street may be dumfounded by the present chaos, the student of history applies its lessons.

"In the economic field there were in England three powerful tendencies at work at the outbreak of the war:

"(1) The economic individualism that in the early nineteenth century had provided reformers with ideas on a program was now the watchword of the conservative opposition to change.

"(2) The syndicalist tendency to reduce the responsibilities of the State as far as possible and to concentrate control in the hands of producers' groups.

"(3) The State socialism, most clearly outlined in the policies of the Fabian Society.

"Never since the dawn of history have we seen the State so manifestly imposing its will and its authority on the community. Never has there been less opposition to its control. After the war it will possess almost unlimited authority, because not only will

⁴⁹ W. H. Pringle, "The State and Industrial Control," chapter in "The Industrial Outlook," a symposium, edited by H. Sanderson Furniss, pp. 356, 357, London, 1917.

⁵⁰ Prof. S. J. Chapman, "The State and Labor," chapter in "After-War Problems," a British symposium, edited by C. H. Dawson, p. 147.

it have tested the extent of power it may use, but it will have the prestige of having guided the community through stupendous dangers to safety, honor, and peace. Still further, if the power of the State has grown during the war, the need for its authority will not be less but indefinitely greater at the conclusion of peace, for only the State can undertake the peace problems, and only the State is capable of equipping itself from crown to foot in the shining armor of economic organization."⁵¹

(1) *The Avenues of Approach.* In attempting to solve the labor problem in England, students and spokesmen have attacked it from various angles. To some it is a question in economics; to others a matter of politics; and to a third group a problem of sociology. Mr. Gossling, President of the Trade Union Congress for 1916, calls for copartnership of labor and asks for the right on its behalf to a voice in the details of management, workshop rules, hours of labor, and regulations of the foremen. Similarly, another speaker at this congress, Mr. Nevill Chamberlin, ex-Mayor of Birmingham, insists that labor should be granted an insight into the management of the business.⁵² The workers' demand for democratic control is not a demand for a voice in the business, but for control over the conditions under which their own daily work is done. It is a demand for control over one side of the industrial process, but that the most important side, because it is the human side.⁵³

Lord Milner, again, emphasizes the need for a limitation of the return to capital by taxing war profits and suggests that the policy be continued after the war by the State, so as to contribute a portion of the profits so earned to the workmen engaged in the particular industry concerned. The State should appear in all future transactions between labor and capital as a third partner.⁵⁴

(2) *Steadying Real Wages.* Other authorities emphasize the incongruous fluctuations of wages and prices, so that real wages often decline in a period of rising nominal wages. To Prof. S. J.

⁵¹ W. H. Pringle, chapter in "The Industrial Outlook," pp. 376, 379.

⁵² Dampier Weatham, "The War and the Nation," p. 159, 1917.

⁵³ Alfred E. Zimmern, "The Control of Industry After the War," in the Ruskin College Conferences.

⁵⁴ Farrow and Crotch, "The Coming Trade War," p. 149.

Chapman⁵⁵ it appears that prices after the war will be affected almost at once, and the question of wages will be most troublesome, as prices will not keep constant after once changing. He therefore suggests a simple and uniform plan which would treat all classes of labor alike—that is, to provide some sliding scale of wages based on an agreed index of commodity prices or of the cost of living for a given period. This plan is being attempted in the textile trades,⁵⁶ in which an agreement between the employers and workers provides that all previous war grants, war bonuses, and war wages shall be regulated by the increased cost of living. The index figure of food and other prices will be compared with those of July 1, 1914. Every three months a joint committee will, on the basis of the latest figures, alter the rate of wages in proportion to the rise or fall in the index of commodity prices or of the cost of living. This is the first attempt on a large scale to regulate earnings on a scientific basis and corresponds in operation to a sliding scale of wages based on the selling price of the output prevalent in English coal and steel trades, and in the American copper mines.⁵⁷

(3) *Housing*. An important element in the solution of the labor problem lies in better housing—a subject of which in this country we have little conception, owing to the lack of standards of comparison. At the beginning of the war a law was enacted prohibiting construction work of all kinds in the United Kingdom. The ordinary shortage in housing facilities was thus aggravated, especially in the working-class sections. A committee to investigate the subject, appointed by the National Housing and Town-planning Council, reported that at least 300,000 houses for the working classes should be built by the State in England and Wales alone. However, this will do no more than to make up for the shortage of new houses due to the restriction on building, leaving un-

⁵⁵ Op. cit., p. 147.

⁵⁶ Wages Regulated by the Cost of Living: *Textile Mercury*, quoted in *Commerce Reports*, Feb. 1, 1918 (transmitted by Consul F. D. Hale).

⁵⁷ The author has since been informed by Prof. Irving Fisher that the scheme is operative in the United States—for example, by the Bankers Trust Co., New York City; George Worthington Co., Cleveland; Printz-Biederman Co., Cleveland; Kelley, How, Thompson Co., Duluth; Oneida Community, Oneida, N. Y.; and Index Visible, New Haven, Conn.

touched the general problem of overcrowded dwellings in town and country.⁵⁸

(4) *Political Solutions*. Those who are accustomed to viewing human relations chiefly from the political angle insist upon a readjustment of the basis of political representation. For instance, the author of "Elements of Reconstruction"⁵⁹ believes in discarding local reference in politics and substituting occupational constituencies. He says:

"For a large and increasing number of citizens in the modern State locality has only a residential interest, and often even that is transitory. The major aspect of the existence of such citizens is toward some trade or industry or occupation of national dimensions. If we want to deal in any satisfactory way with the transport workers, medical men, or electrical engineers, we have to go outside the formal constitution altogether and discuss matters with trade and professional organizations that have neither legislative nor administrative power, that may not represent the entire profession or industry concerned, that are often mere organizations for restricting work and raising wages, without any tradition or sense of public function. If we want to get a clear statement from and a clear understanding with the mass of the people, if an imperial plan is ever to be made plain and acceptable, it is evident that we must be prepared for a rearrangement of our population for the purposes of parliamentary elections into national occupational constituencies. We shall have the real living interest of the country in direct touch with legislative and organizing power, and the vast series of misunderstandings upon falsely conceived issues and all the passion, social conflict, disorder, and delay that are otherwise inevitable in the time of great reconstruction ahead will be cut out."

Radical Policies

The unsettled state of industry has given radicals the chance to attempt to apply theories of an ideal order, as if they were the elements of an immediate program. The impatience of this class with the progressive tendencies which are leading Old Eng-

⁵⁸ British Housing Plans for After the War: *Commerce Reports*, Jan. 23, 1918.

⁵⁹ *London Times*, 1916, pp. 80-82, 103-105.

land into a new order is interesting to students of the social sciences and to liberals everywhere. A typical opinion follows: ⁶⁰

"Capital steals the thunder of collectivists by giving the form of nationalization of industry but not State ownership and administration. Again capital steals the thunder of the National Guildsmen by giving individual workmen some sort of control but not trade-union or guild control of industry."

On the fundamental theories of the ideal social order there may be little difference of opinion between Radical, Liberal, and Conservative. The distinctions lie in the practical steps which may be undertaken immediately in the attempt to realize the concept. However, the ideal social order is always worth bearing in mind as an ultimate goal, for it indicates the direction in which society must travel in its necessarily slow and laborious way.

(1) *The New Social Contract.* The new social contract has been set forth by the guildsmen.⁶¹ "The factors to be conciliated by the new social contract are:

"(a) A more or less blind revolt against degrading conditions.

"(b) The imperative necessity of a more scientific and efficient system of production.

"(c) The call for a higher spiritual and moral life.

"(d) A revived passion for freedom."

(2) *The New Principle.* The individual worker must be regarded not simply as a "hand," a decreasingly important adjunct to the industrial machine, but as a man among men, with rights and responsibilities, with a human soul and a desire for self-expression, self-government, and personal freedom. If that is secured, it will not be long before energy and intelligence enough are applied to the work of control to make it certain that, step by step, the workers will win their way to that complete control of industry by trade unionism in conjunction with the State which is the ideal of National Guildsmen.

(3) *Definitions.* A national guild is the combination of all the labor of every kind—administrative, executive, and productive—in any particular industry. It includes those who work

⁶⁰ G. D. H. Cole, "Self Government in Industry."

⁶¹ S. G. Hobson, "Guild Principles in War and Peace," pp. 26, 27, 61, 102, 160, London, 1917; G. D. H. Cole, "Self Government in Industry," pp. 5, 25, 115, London, 1917.

with their brains and those who contribute labor power. Administrators, chemists, skilled and unskilled labor—everybody who can work—are all entitled to membership. Management and labor must join hands; harmony must be evolved out of existing chaos. These proposed large industrial organizations are “national guilds.” The trade unions must form the bases of these national guilds, but they must merge into the greater bodies.

The fundamental idea of the guilds is that they shall exercise full control over labor and enjoy complete autonomy in all industrial transactions.

“The time has come for the trade unions to reorganize with a view to embracing every worker in their several trades. Every clause in their constitution that excludes, that limits, must be swept away, as you would clear out rotten timber from an old house.”

(4) *Some Distinctions.* “The collectivist is prepared to recognize trade unionism under a collectivist State régime. But he is not prepared to trust trade unionism, or to intrust it with the conduct of industry. He does not believe in industrial self-government; his ‘industrial democracy’ embodies only the right of the workers to manage their trade unions, and not their right to control industry. The National Guildsman, on the other hand, bases his social philosophy on the idea of function. In the industrial sphere he desires not the recognition of trade unions by a collectivist State, but the recognition of a democratic State by national guilds that control industry in the common interest.

“Industrial unionism is a strictly proletarian doctrine, preaching the class war and demanding the complete abolition of the State, which it regards as a capitalist institution destined to disappear with the capitalist system. Here it is sharply differentiated from the guild socialist view. The National Guildsmen agree with the industrial unionists in demanding the direct management of industry by the workers—by hand or brain—who are employed in it; and they agree further in regarding the possession of economic power as the essential key to the possession of political power. They seek, however, not the abolition but the democratization of the State; and they desire a system of State ownership of industry, coupled with actual management by the workers. As for the shop stewards’ movement, indus-

trial unionists scorn this movement as a compromise with the trade unionism of to-day and maintain the policy of building up an entirely new organization on strictly class lines. The real purpose of the shop stewards' movement is very largely to secure an element of direct control by trade unionists over the workshops. The shop stewards have aimed at building up a system of trade-union works committees which would effectively coördinate the action of the whole body of trade unionists employed in particular factories or workshops. Advanced trade-union opinion is concentrating upon the amalgamation of existing trade unions, upon achieving the industrial structure and linking together the industrial unions into large combinations such as the Triple Alliance, and equally upon achieving in the internal organization of the trade-union movement a more democratic machinery and a policy more inspiring and more constructive." ⁶²

(5) *The Methods of the Radical*. Although guildsmen are opposed to private ownership, backed by the State, assuming the guises of Nationalism, yet national control brings nearer the goal of the guild idea, or the nationalization of industry. However, ownership must be taken out of private hands.

The radical is opposed to joint industrial control by employer and employed, for this can lead only to a continuous compromise of opposing interests. For him capitalism must be completely displaced.

"The central doctrine at work in all the principal trade unions at the present time is the doctrine of 'control'; everywhere the younger generation of trade unionists is preaching the view that what really matters is not merely the securing of improved conditions inside the existing industrial system but the changing of the whole system and the substitution of 'industrial self-government' for the present 'industrial autocracy.' In framing their policy for the immediate present the younger trade unionists have always in mind the more distant future. If they cannot overthrow capitalism to-day, their object is so to establish their organization and so to direct their policy as to make themselves the stronger for overthrowing capitalism when the time comes." ⁶²

⁶²G. D. H. Cole, *British Labor in War Time: New Republic*, June 1, 1918.

The guild ideal aims at joint control by the guild and State, and therefore it implies that the trade unions should reject joint responsibility with employers as well as limitation of freedom. They should insist upon irresponsibility, continuous interference, and unrestricted independence. Whatever control there is to be should be exercised not by a joint committee of employers and employees but by a single labor committee, which is organically connected with the trade-union organizations. Not joint responsibility of shop committees, but collective interference is the method to be pursued as an instrument for further progress. Labor should not tie itself up with any profiteering scheme. For the basic question is ⁶³ "whether industry is to continue its development along the lines of autocratic control from above, or whether industrial autocracy is to be displaced by the industrial democracy of national guilds. The immediate policy for trade unionism is the policy of guildsmen. There is no other democratic industrial policy in the field, and trade unionism must perish unless it can arm itself with a constructive industrial policy."

Immediate Programs of Liberals

Perilous as would be any attempt to put into immediate operation the well-meaning but untested schemes of radicals, the labor situation is greatly strengthened by the fact that men of affairs in the Government and out of it, as well as balanced labor leaders, have attempted to formulate programs that are capable of being put into effect immediately. These programs are based upon no unrealizable administrative scheme, they assume no sudden improvement in the instruments of government, they presuppose no lapse of half a century, and they ask not over much of human nature. These programs, arranged in the order of their formulation, are:

(1) The resolution adopted by the Trade Union Congress, September 7, 1916.

(2) The Four Guiding Principles laid down by the Garton Foundation.

(3) The recommendations of the Committee on Industrial Unrest of the Section of Economic Science and Statistics of the British Association for the Advancement of Science, 1916.

⁶³ G. D. H. Cole, "Self Government in Industry," p. 329.

(4) "The New Charter" of Sidney Webb.

(5) The 1917 report of the Committee of the Section of Economic Science and Statistics of the British Association.

(6) The recommendations of the official Committee of Inquiry into Industrial Unrest, July 17, 1917.

(7) The Whitley Report drafted by a sub-committee of the Reconstruction Committee.

(1) *The Resolutions of the Trade Union Congress*.⁶⁴ On September 7, 1916, the following resolution was adopted by the Trade Union Congress:

"That efforts should be made to preserve industrial peace after the war, and that the Parliamentary Committee should be instructed to approach the Government and the Employers' Parliamentary Association with the object of discussing terms that would secure the end in view, for a period of three years, such terms to include the acceptance of the following proposals:

"(a) Membership in a trade union to be compulsory upon all workers.

"(b) Compulsory 48-hour working week in every occupation.

"(c) Compulsory minimum wage of 30 shillings [about \$7.20] per week for all adult workers.

"(d) No reduction of present wages or increase in working hours.

"(e) Complete recognition by employers of trade unions and of all agreements entered into between the unions and employers' associations.

"(f) State employment pay for men and women out of work.

"(g) Settlement by unions of the condition of women's labor after the war."

(2) *The Report of the Garton Foundation*.⁶⁵ (a) *The Relation Between Employers and Employed*. "The interests of employers and employed are concurrent as regards production and only partly antagonistic as regards distribution.

"So long as the fundamental interests of employers and employed are believed to be purely antagonistic, production and saving will be hampered.

"In dealing with an immediate problem, we must work with

⁶⁴ Alex. Ramsay, "Terms of Industrial Peace," pp. 15, 16, London. Constable & Company, Ltd., 1917.

⁶⁵ Pp. 71, 72, 77, 78, 80-83.

the materials at hand. Gradual progress achieved by coöperation is better and more certain than revolutionary methods."

(b) *Four Principles to Guide the Attempt to Solve the Industrial Problem.* "(i) The first necessity of the industrial situation is greater efficiency of production. In order to meet the difficulties created by the war, to make good the losses of capital, and to raise the standard of living among the mass of our people, we must endeavor to increase both the volume and the quality of output.

"(ii) In order that this result may be obtained without detriment to the social welfare of the community, it must be sought for rather in improved organization and the elimination of waste and friction than in adding to the strain on the workers and must be accompanied by a change of attitude and spirit which will give to industry a worthier and more clearly recognized place in our national life.

"(iii) This can be accomplished only if the sectional treatment of industrial questions is replaced by the active coöperation of labor, management, and capital to raise the general level of productive capacity, to maintain a high standard of workmanship, and to improve working conditions.

"(iv) It is essential toward securing such coöperation that labor, as a party to industry, should have a voice in matters directly concerning its special interests, such as rates of pay and conditions of employment. It is necessary to create adequate machinery both for securing united action in the pursuit of common ends and for the equitable adjustment of points which involve competing interests. This machinery must be sufficiently powerful to enable both sides to accept its decisions with confidence that any agreement arrived at will be generally observed."

(c) *Works Committees and Industrial Councils.* "If we were discussing the abstract ideal of society, it would be necessary to meet various criticisms by discussing each of the proposals on its merits. But the present issue is a narrower one. We have to deal with a definite and immediate danger—the prospect of an industrial crisis following the signing of peace. It is obvious that no measure involving a radical reconstruction of the social system has any chance of adoption in time to avert this evil. On the other hand, the prospect of any specific program emerging

from a period of internal conflict is small. The results of social or political upheavals have seldom been those anticipated by their promoters.

"The problem is therefore to settle the question of the status of the workman in some way which shall give him the sense of self-respect and of responsibility which he desires, without interfering unduly with the employer's exercise of the necessary functions of management.

"It was largely as a defense against the unions that the great Employers' Associations came into being. After making all allowance for the occasional insubordination of trade-union members and the lack of support given in some quarters to the Employers' Federations, the effect of these parallel organizations has been beneficial to both sides.

"In its simplest form the new machinery of control would consist of joint committees, representing both the management and the Works Staff. This method would lend itself readily to experiment by individual firms and could be applied even in the unorganized trades where no strong trade unions or federations of employers exist. At the meetings of such committees any questions affecting working methods and conditions could be brought up for discussion by either side.

"In the staple trades the method of Works Committees would require to be replaced or supplemented by Joint Boards composed of representatives of the Employers' Associations and the trade unions. Having regard to the differentiation of functions between management and labor and the large number of problems affecting one or both parties, which arise in a big industry, there should be two boards, one representing management and the other labor, with a Supreme Board of Control coördinating the work of both. The functions of the Management Board would cover the 'business' side of the industry; those of the Labor Board would relate to conditions and hours of labor, the demarcation of tasks, and everything that touches most nearly the life of the worker.

"In its most ambitious form the Supreme Board of Control would resolve itself into a National Industrial Council for each of the staple industries or groups of allied industries. The members would be elected by ballot, each electoral unit or pair of

parallel units returning one representative of management and one of labor.

"The field of action open to the Industrial Councils would be very great. It would extend, for instance, to

"(a) The suggestion and consideration of improved methods and organization.

"(b) The maintenance of works discipline and output.

"(c) The maintenance of a high standard of design and workmanship.

"(d) The education and training of apprentices and the conditions of entry into the industry concerned.

"(e) The demarcation of tasks.

"(f) The prevention of unemployment, the development of security of tenure in trade, and the decasualization of labor.

"(g) Questions of wages and piece rates.

"(h) The prosecution of research and experiment.

"(i) The improving of the public status of industry."

(3) *Report of the Committee on Industrial Unrest of the Section of Economic Science and Statistics of the British Association for the Advancement of Science, 1916.*⁶⁶ (a) *Methods.*

The methods proposed to diminish industrial unrest include:

(i) Conciliation and arbitration boards.

(ii) Arbitration:

Voluntary.

Compulsory.

(iii) The industrial council.

(iv) Profit sharing and copartnership.

(v) Coöperative associations.

Each of these is treated at length and can merely be mentioned here.

(b) *Recommendations.*

"(i) The general attitude and outlook of employers and workers.

"(x) That there should be frankness on both sides, and that both employers and workers should discuss industrial matters together, or through duly accredited representatives.

"(y) That employers should consider the collective cost of

⁶⁶ A. W. Kirkaldy, "Labour, Finance, and the War," pp. 33, 40-50, 1916.

labor and not merely the amount of wages earned by the workman each week.

"(z) That the fundamental facts and principles of economics should be recognized by both employers and employed.

"(ii) Machinery for dealing with disputes.

"(w) That workers and employers in each industry should extend and improve their organizations with a view to determining jointly the conditions under which the particular industry should be carried on.

"(x) That in each industry permanent joint boards or committees should be set up to consider all matters of common interest to both employers and employed.

"(y) That there should be a National Joint Board, composed of representatives of employers and workers, to which the local and industrial joint boards should refer disputes which they have been unable to settle.

"(z) That both employers and workmen should be absolutely loyal to the decisions and agreements made by their organizations.

"(iii) The organizations of industry.

"(v) That the necessity for coöperation between employers and employed be frankly recognized by both parties.

"(w) The coöperation between workpeople and managers should go further than the mere distribution of the products of industry.

"(x) There are other branches of organization concerned with the detailed working of factories which might be carried out by coöperation between the workers and the management.

"(y) Recommendations as to the policy to pursue when new machines or processes which will lessen the amount of labor required for a given operation are available:

"(y-1) That the employers should make a forecast as to the exact effect of the new methods; this to include

"(a') The gross financial benefit.

"(b') The saving in labor employed on present output.

"(c') Possible increased demand consequent on a certain decrease in price.

"(d') The amount of new capital required to finance the change.

"(e') The eventual effect on the labor employed.

“(y-2) That this forecast should be considered by both the employers or their representatives and by the workers affected or their representatives.

“(y-3) That an arrangement be agreed upon, equitable in the long run to all parties concerned, with due regard to the facts that—

“(a′) Capital takes all the financial risk of the new methods but

“(b′) Has hitherto had the advantages of any immediate gain.

“(c′) Labor, at the outset, may be diminished in numbers employed, though eventually a new process results in the employment of more labor and probably in the preservation of the industry. Thus, there may be an immediate and serious loss to part of the labor hitherto employed.

“(d′) Some labor may benefit immediately—that is, if increased pay is given to those working the new method.

“(e′) Labor is employed in designing and making the machine.

“(y-4) Consider to what extent temporarily displaced labor can or ought to be compensated by means of unemployment insurance or by a percentage of the increased product.

“(z) To summarize briefly the suggestions for the improvement of existing industrial organization:

“(z-1) Employers should be organized into

“(a′) Associations for each trade in a given district.

“(b′) National associations for the respective trades.

“(c′) Local federations of trades.

“(d′) National federations of trades.

“Of these, the national associations and federations would be organized under a system of representation.

“(z-2) Workpeople should have unions and federations corresponding to those of the employers, and in both cases the national federations should be carefully organized into councils enjoying a large measure of authority, tempered by the necessity to win and preserve the confidence of their electors.

“From these two representative bodies there could be elected an Industrial Council as a Court of Appeal, representative of the whole industrial activity of the country. So far as these various bodies were approved by the State they would enjoy far-reaching powers.

"Approval by the State should depend on the observance of moderation and the working in conformity with carefully devised regulations. For the State in this matter would be the representative of the consumer and of the national interest. Under this system workpeople would enjoy all the advantages aimed at by the extreme party such as the Syndicalist, but the dangers and risks inseparable from a revolutionary policy would be avoided."

(4) *The Five Points of the New Charter*.⁶⁷ Sidney Webb has reduced the labor problem to five categories, which may be made the basis of a new settlement. The five points are set forth below, under paragraph (c).

(a) *The Prevention of Unemployment*. "The first and the most indispensable condition of industrial peace under the new settlement is that the Government shall undertake to prevent the occurrence of unemployment, much as it prevents the occurrence of cholera. This can be done by such a systematic rearrangement of the necessary works and orders of the Government departments and local authorities over each decade as will maintain approximately level from year to year the aggregate wage total of the kingdom."

(b) *The Maintenance of the Standard Rates*. "The standard rate, it must be remembered, is never anything but a minimum. The joint board in each industry should be required to formulate for the whole industry a precisely defined standard rate applicable to each grade and section of the industry and based upon the existing practice of the best employers: The joint board settling the standard rate must settle also its equivalent in piece-work, as is habitually done by the trade boards. This should be on a uniform basis of time and a quarter or time and a third. Rate fixing should be intrusted to a couple of salaried rate fixers, one appointed by the employers' association and the other by the trade union, who shall be called in to adjudicate by any employer or workman."

(c) *A Constitution for Factory and Industry*. "(i) Universal acceptance of trade unionism by employers—making it a penal offense for an employer to have a rule against engaging trade

⁶⁷ Sidney Webb, "Restoration of Trade Union Conditions," pp. 79, 85, 93, 101, 103, 106.

unionists, or for him to refuse unreasonably to receive the trade-union officials or to negotiate with them.

“(ii) Workshop committees or shop stewards to be provided for in every establishment having more than 20 operatives, to whom the employer should be required to communicate at least one week prior to their adoption any proposed new rules and also any proposed changes in wage rates, piecework prices, allowances, deductions, hours of labor, meal times, methods of working, and conditions affecting the comfort of the workshop.

“(iii) Can we add to this constitution a clause providing for a deliberative national council for each industry? An interesting proposal has been made by a London builder for a permanent ‘Industrial Parliament for the Building Industry.’ The function of the parliament would not be the adjustment of differences or the settlement of disputes. It would not be a judicial or conciliatory but a constructive body. The following matters call urgently for attention from such a joint council of employers and employed in the building industry at the present moment:

“(u) Regularization of Wages. The provision of a graduated scale of minimum rates designed to maintain real wages as nearly as possible identical throughout the country. Subsequent advances to be on a national basis.

“(v) Unemployment. To acquire a fuller participation in the control of the Board of Trade Labor Exchanges, and to supplement their work by improved organization special to the building trade

“(a’) for the decasualization of labor, and

“(b’) by minimizing the fluctuation of trade by intelligent anticipation and the augmentation of demand in slack periods, in coöperation with the national and local government bodies.

“(w) Employment of Partly Disabled Soldiers. To consider the employment of partly disabled soldiers and to insure that the pensions granted by the Nation shall not become the means of reducing the standard of wages.

“(x) Technical Training and Apprenticeship. To make provision for adequate technical training for the members of the industry, apprenticeship, and the regulation of the conditions of entry into the industry.

“(y) Publicity. To issue authoritative information upon all matters whereon it is deemed desirable that leaders of public

opinion, the press, and the general public should have exact information.

"(z) Investigation into Possible Lines of Improvement. To investigate, in conjunction with experts, foreseeable developments, probable changes, and suggested improvements, such as

"(a') Scientific management.

"(b') Industrial control and status of labor.

"(c') Improvements in design and standards of workmanship.

"(d') Closer association between commercial and esthetic requirements.

"(e') Additions to this list would be made as occasion arose.

"(iv) No limitation of output. This has been in the past the sullen reprisal of the workshop to the employer's constant attempts to cut rates and to his peremptory turning off of hands whenever work was slack. Making these two concessions, the Government can legitimately ask for a frank abandonment of a practice which does more harm to British industry than all the strikes and lockouts.

"(v) Freedom for every worker and every employer. In return for these concessions, the Government may fairly ask from the trade unions complete freedom for the employer for engaging any person whatever, for any sort of work; complete freedom for any person to do any task or carry out any process; and complete freedom for the introduction of any machinery or process."

(5) *The 1917 Report of the Committee of the Section on Economic Science and Statistics of the British Association for the Advancement of Science.*⁶⁸ An inquiry into the elements of labor organization was conducted by a committee of British economists. The report is given herewith.

Gathering together the views and suggestions made, the committee felt that three separate organizations within the works are necessary to represent the workers in the elaborate organisms toward which modern factories tend. Modern industry is complicated, and the attempt to introduce democratic ideas into its management will necessarily make it more so. The scope of the three committees is shown by the following summary:

(a) *Shop Stewards' Committee.*

⁶⁸ C. G. Renold, "Workshop Committees," chapter in "Industry and Finance," edited by A. W. Kirkaldy, 1917.

(i) Sphere. Controversial questions where interests of employer and worker are apparently opposed.

(ii) Constitution. Consists of trade unionist workers, elected by works departments.

(iii) Function. Sits by itself, but has regular meetings with the management.

(iv) Examples of questions dealt with.

Wage and piece rates.

The carrying out of trade union agreements.

Negotiations as to the application of legislation to the workers represented—e. g., dilution, exemption from recruiting.

The carrying out of national agreements as to the restoration of trade-union conditions; demobilization of war industries, etc.

Introduction of new processes.

Ventilation of grievances as to any of above.

(b) *Welfare Committee.*

(i) Sphere. "Community" questions, where there is no clash between interests of employer and worker.

(ii) Constitution. Composite committee of management and workers, with some direct representation of trade unions.

(iii) Function. Sits as one body, with some questions relegated to subcommittees, consisting either wholly of workers or of workers and management, according to the nature of the case.

(iv) Examples of questions dealt with.

Shop rules.

Such working conditions as starting and stopping times, meal hours, night-shift arrangements, etc.

Accident and sickness arrangements.

Shop comfort and hygiene.

Benevolent work, such as collections for charities, hard cases of illness or accident among the workers themselves.

Education schemes: Trade technique; new works developments; statistics of works activity; business outlook.

Promotions: Explanation and, if possible, consultation.

Ventilation of grievances concerning any of above.

(c) *Social Union.*

(i) Sphere. Social amenities, mainly outside working hours.

(ii) Constitution. Includes any or all grades of management and workers.

(iii) Function. Governing body elected by members irrespective of trade, grade, or sex.

(iv) Examples of activities. Institution of clubs for sports; cricket, football, swimming, etc.

Recreative societies; orchestral, choral, debating, etc.

Arranging social events; picnics, dances, etc.

Provision of games, library, etc., for use in meal hours.

Administration of club rooms.

(6) *Recommendations of the Committee of Inquiry into Industrial Unrest.* This committee, appointed by Lloyd George, June 12, 1917, came to conclusions similar to those reached by the unofficial committee of British economists, mentioned above. They are in summary as follows:

(a) Food Prices. There should be an immediate reduction in price, the increased price of food being borne to some extent by the Government, and a better system of distribution be perfected.

(b) Industrial Councils, etc. The principle of the Whitley Reports⁶⁹ should be adopted; each trade should have a constitution.

(c) Changes with a view to further increase of output should be made the subject of an authoritative statement by the Government.

(d) Labor should take part in the affairs of the community as partners, rather than as servants.

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(f) The Government should make a statement as to the variation of pledges already given.⁷⁰

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(h) Announcements should be made of policy as regards housing.

(i) A system should be inaugurated whereby skilled supervisors and others on day rates should receive a bonus.

(k) Closer contact should be set up between employer and employed.

(7) *The Whitley Reports.* The Reconstruction Ministry's subcommittee on the Relation between Employer and Employed prepared a number of official reports on Joint Standing Industrial

⁶⁹ See Whitley Reports, below.

⁷⁰ See "Restoration of Trade Union Conditions," above.

Councils, with a view to meeting the after-war problems, which are of momentous significance. What the Magna Carta signifies in the history of political democracy, the Whitley Reports may come to mean in the future industrial democracy. They merit close study by American economists, manufacturers, and laboring men. There follow

- (a) Descriptive circular of the Ministry of Labor.
- (b) The First Whitley Report and appendix.
- (c) Comment of the Minister of Labor.
- (d) Second Report, covering partly organized trades.
- (e) Supplementary Report on Works Committees.
- (f) Final Report.
- (g) Joint Standing Councils first established in the Pottery Trades.
- (h) Report on Conciliation and Arbitration.
- (a) *Descriptive circular of the Ministry of Labor on Joint Standing Councils.*⁷¹

The Ministry of Labor has prepared and issued a leaflet entitled "Industrial councils: The recommendations of the Whitley Report." The leaflet gives a brief outline of the principal recommendations of the report for the information of the public.

The sections of the leaflet dealing with "The need for industrial councils" and "Industrial councils and the Government" are as follows:

(i) *The Need for Industrial Councils.* While there is no doubt that every industry has problems which can be solved only if the experience of every grade and section of the industry is brought to bear on them, hitherto the tendency has been for every grade and section to go its own way. Whenever the Government wishes to ascertain the needs and opinions of an industry, instead of one organization speaking with a single voice, a dozen organizations speak with a dozen voices. The different sections and interests are organized and can put their point of view; the industry as a whole has no representative organization, so that the general interest of the industry may be overlooked. Sectional interests often conflict; there is no need, for example, to disguise the conflict of interests between employers and employed; and the Whitley Report proposes nothing of the nature of compulsory arbitra-

⁷¹ *Labour Gazette*, London, May, 1918, p. 174, reprinted in the *Monthly Labor Review*, Washington, July, 1918.

tion, nothing that will limit or interfere with the right to lock out or strike. But no one in industry wants an unnecessary stoppage; these can be prevented only by the representatives of conflicting interests meeting to thrash out their differences; and all the problems that will face industry after the war call for continuous consultation and coöperation of all sections, grades, and interests. For every reason, therefore, industrial councils, fully representative of all sections and interests in each industry, are an urgent necessity.

In some industries there exist already joint conciliation boards performing some of the functions of industrial councils. These are, however, as a rule, limited either in the work they undertake or in the sections of the industry which they represent. Although, therefore, existing joint boards will in many cases provide the basis for industrial councils, they can not handle the problems referred to above with which the industries of the country will be faced after the war. What is needed is an organization representing the whole industry and capable of speaking for all the firms and all the workpeople employed in it. The Government's adoption of the Whitley Report is simply an invitation to the industries of the country to organize themselves in this way, for their own benefit and for the benefit of the community.

(ii) *Industrial Councils and the Government.* The primary object of industrial councils is to regularize the relations between employers and employed. But they will serve another urgent need, and in so doing will give to workpeople a status in their respective industries that they have not had hitherto. There is a large body of problems which belong both to industry and to politics. They belong to politics because the community is responsible for their solution and the State must act if no other provision is made; they belong to industry because they can be solved only by the knowledge and experience of the people actually engaged in industry. Such problems are the regularization of employment, industrial training, utilization of inventions, industrial research, the improvement of design and quality, legislation affecting workshop conditions—all of them questions which have hitherto been left in the main to employers, but which in reality constitute an important common interest on the basis of which all engaged in an industry can meet. The termination of the war will bring with it a mass of new problems of this nature—for example, demobilization, the training of apprentices whose apprenticeship was interrupted by military service, the settlement in industry of partially disabled men, and, in general, the reconversion of industry to the purposes of peace. It is urgently neces-

sary that the Government should be able to obtain without delay the experience and views of the people actually in industry on all these questions. It proposes, therefore, to treat industrial councils as standing consultative committees to the Government and the normal channel through which it will seek the experience and advice of industries. Further, many of these problems can be handled by each industry for itself, provided that it has an organization representative of all sections and interests within it. The establishment of industrial councils will therefore make unnecessary a large amount of "Government interference," which is at present unavoidable, and substitute for it a real measure of "self-government" in industry.

*(b) Interim Report on Joint Standing Industrial Councils, Presented by the Sub-committee on Relations Between Employers and Employed, of the Reconstruction Ministry.*⁷²

To the Right Hon. D. Lloyd George, M. P., Prime Minister.

SIR: We have the honor to submit the following interim report on joint standing industrial councils:

2. The terms of reference to the subcommittee are:

(1) To make and consider suggestions for securing a permanent improvement in the relations between employers and workmen.

(2) To recommend means for securing that industrial conditions affecting the relations between employers and workmen shall be systematically reviewed by those concerned, with a view to improving conditions in the future.

3. After a general consideration of our duties in relation to the matters referred to us, we decided first to address ourselves to the problem of establishing permanently improved relations between employers and employed in the main industries of the country, in which there exist representative organizations on both sides. The present report accordingly deals more especially with these trades. We are proceeding with the consideration of the problems connected with the industries which are less well organized.

4. We appreciate that under the pressure of the war both employers and workpeople and their organizations are very much preoccupied, but, notwithstanding, we believe it to be of the highest importance that our proposals should be put before those concerned without delay, so that employers and employed may meet in the near future and discuss the problems before them.

⁷² Printed separately as a Parliamentary paper (Cd. 8606) and reprinted in Bulletin 237 of the U. S. Bureau of Labor Statistics.

5. The circumstances of the present time are admitted on all sides to offer a great opportunity for securing a permanent improvement in the relations between employers and employed, while failure to utilize the opportunity may involve the nation in grave industrial difficulties at the end of the war.

It is generally allowed that the war almost enforced some reconstruction of industry, and in considering the subjects referred to us we have kept in view the need for securing in the development of reconstruction the largest possible measure of coöperation between employers and employed.

In the interests of the community it is vital that after the war the coöperation of all classes, established during the war, should continue, and more especially with regard to the relations between employers and employed. For securing improvement in the latter, it is essential that any proposals put forward should offer to workpeople the means of attaining improved conditions of employment and a higher standard of comfort generally, and involve the enlistment of their active and continuous coöperation in the promotion of industry.

To this end, the establishment for each industry of an organization, representative of employers and workpeople, to have as its object the regular consideration of matters affecting the progress and well-being of the trade from the point of view of all those engaged in it, so far as this is consistent with the general interest of the community, appears to us necessary.

6. Many complicated problems have arisen during the war which have a bearing both on employers and workpeople and may affect the relations between them. It is clear that industrial conditions will need careful handling if grave difficulties and strained relations are to be avoided after the war has ended. The precise nature of the problems to be faced naturally varies from industry to industry, and even from branch to branch within the same industry. Their treatment consequently will need an intimate knowledge of the facts and circumstances of each trade, and such knowledge is to be found only among those directly connected with the trade.

7. With a view to providing means for carrying out the policy outlined above, we recommend that the Government should propose without delay to the various associations of employers and employed the formation of joint standing industrial councils in the several industries, where they do not already exist, composed of representatives of employers and employed, regard being paid to the various sections of the industry and the various classes of labor engaged.

8. The appointment of a chairman or chairmen should, we think, be left to the council who may decide that these should be—

(1) A chairman for each side of the council;

(2) A chairman and vice chairman selected from the members of the council (one from each side of the council);

(3) A chairman chosen by the council from independent persons outside the industry; or

(4) A chairman nominated by such person or authority as the council may determine or, failing agreement, by the Government.

9. The council should meet at regular and frequent intervals.

10. The objects to which the consideration of the councils should be directed should be appropriate matters affecting the several industries and particularly the establishment of a closer coöperation between employers and employed. Questions connected with demobilization will call for early attention.

11. One of the chief factors in the problem, as it at first presents itself, consists of the guaranties given by the Government, with parliamentary sanction, and the various undertakings entered into by employers, to restore the trade-union rules and customs suspended during the war. While this does not mean that all the lessons learned during the war should be ignored, it does mean that the definite coöperation and acquiescence by both employers and employed must be a condition of any setting aside of these guaranties or undertakings, and that, if new arrangements are to be reached, in themselves more satisfactory to all parties but not in strict accordance with the guaranties, they must be the joint work of employers and employed.

12. The matters to be considered by the councils must inevitably differ widely from industry to industry, as different circumstances and conditions call for different treatment, but we are of opinion that the suggestions set forth below ought to be taken into account, subject to such modification in each case as may serve to adapt them to the needs of the various industries.

13. In the well-organized industries, one of the first questions to be considered should be the establishment of local and works organizations to supplement and make more effective the work of the central bodies. It is not enough to secure coöperation at the center between the national organizations; it is equally necessary to enlist the activity and support of employers and employed in the districts and in individual establishments. The national industrial council should not be regarded as complete in itself; what is needed is a triple organization—in the workshops, the districts, and nationally. Moreover, it is essential that the organization at each of these three stages should proceed on a com-

mon principle, and that the greatest measure of common action between them should be secured.

14. With this end in view, we are of opinion that the following proposals should be laid before the national industrial councils:

(a) That district councils, representative of the trade-unions and of the employers' associations in the industry, should be created, or developed out of the existing machinery for negotiation in the various trades.

(b) That works committees, representative of the management and of the workers employed, should be instituted in particular works to act in close coöperation with the district and national machinery.

As it is of the highest importance that the scheme making provision for these committees should be such as to secure the support of the trade unions and employers' associations concerned, its design should be a matter for agreement between these organizations.

Just as regular meetings and continuity of coöperation are essential in the case of the national industrial councils, so they seem to be necessary in the case of the district and works organizations. The object is to secure coöperation by granting to workpeople a greater share in the consideration of matters affecting their industry, and this can only be achieved by keeping employers and workpeople in constant touch.

15. The respective functions of works committees, district councils, and national councils will no doubt require to be determined separately in accordance with the varying conditions of different industries. Care will need to be taken in each case to delimit accurately their respective functions, in order to avoid overlapping and resulting friction. For instance, where conditions of employment are determined by national agreements, the district councils or works committees should not be allowed to contract out of conditions so laid down, nor, where conditions are determined by local agreements, should such power be allowed to works committees.

16. Among the questions with which it is suggested that the national councils should deal or allocate to district councils or works committees the following may be selected for special mention:

(i) The better utilization of the practical knowledge and experience of the workpeople.

(ii) Means for securing to the workpeople a greater share in

and responsibility for the determination and observance of the conditions under which their work is carried on.

(iii) The settlement of the general principles governing the conditions of employment, including the methods of fixing, paying, and readjusting wages, having regard to the need for securing to the workpeople a share in the increased prosperity of the industry.

(iv) The establishment of regular methods of negotiation for issues arising between employers and workpeople, with a view both to the prevention of differences and to their better adjustment when they appear.

(v) Means of insuring to the workpeople the greatest possible security of earnings and employment, without undue restriction upon change of occupation or employer.

(vi) Methods of fixing and adjusting earnings, piecework prices, etc., and of dealing with the many difficulties which arise with regard to the method and amount of payment apart from the fixing of general standard rates, which are already covered by paragraph (iii).

(vii) Technical education and training.

(viii) Industrial research and the full utilization of its results.

(ix) The provision of facilities for the full consideration and utilization of inventions and improvements designed by workpeople, and for the adequate safeguarding of the rights of the designers of such improvements.

(x) Improvements of processes, machinery, and organization and appropriate questions relating to management and the examination of industrial experiments, with special reference to co-operation in carrying new ideas into effect and full consideration of the workpeople's point of view in relation to them.

(xi) Proposed legislation affecting the industry.

17. The methods by which the functions of the proposed councils should be correlated to those of joint bodies in the different districts and in the various works within the districts must necessarily vary according to the trade. It may, therefore, be the best policy to leave it to the trades themselves to formulate schemes suitable to their special circumstances, it being understood that it is essential to secure in each industry the fullest measure of coöperation between employers and employed, both generally, through the national councils, and specifically, through district committees and workshop committees.

18. It would seem advisable that the Government should put the proposals relating to national industrial councils before the employers' and workpeople's associations and request them to

adopt such measures as are needful for their establishment where they do not already exist. Suitable steps should also be taken, at the proper time, to put the matter before the general public.

19. In forwarding the proposals to the parties concerned, we think the Government should offer to be represented in an advisory capacity at the preliminary meetings of a council, if the parties so desire. We are also of opinion that the Government should undertake to supply to the various councils such information on industrial subjects as may be available and likely to prove of value.

20. It has been suggested that means must be devised to safeguard the interests of the community against possible action of an anti-social character on the part of the councils. We have, however, here assumed that the councils, in their work of promoting the interests of their own industries, will have regard for the national interest. If they fulfill their functions they will be the best builders of national prosperity. The State never parts with its inherent overriding power, but such power may be least needed when least obtruded.

21. It appears to us that it may be desirable at some later stage for the State to give the sanction of law to agreements made by the councils, but the initiative in this direction should come from the councils themselves.

22. The plans sketched in the foregoing paragraphs are applicable in the form in which they are given only to industries in which there are responsible associations of employers and workpeople which can claim to be fairly representative. The case of the less well organized trades or sections of a trade necessarily needs further consideration. We hope to be in a position shortly to put forward recommendations that will prepare the way for the active utilization in these trades of the same practical coöperation as is foreshadowed in the proposals made above for the more highly organized trades.

23. It may be desirable to state here our considered opinion that an essential condition of securing a permanent improvement in the relations between employers and employed is that there should be adequate organization on the part of both employers and workpeople. The proposals outlined for joint coöperation throughout the several industries depend for their ultimate success upon there being such organization on both sides; and such organization is necessary also to provide means whereby the arrangements and agreements made for the industry may be effectively carried out.

24. We have thought it well to refrain from making sug-

gestions or offering opinions with regard to such matters as profit sharing, copartnership, or particular systems of wages, etc. It would be impracticable for us to make any useful general recommendations on such matters, having regard to the varying conditions in different trades. We are convinced, moreover, that a permanent improvement in the relations between employers and employed must be founded upon something other than a cash basis. What is wanted is that the workpeople should have a greater opportunity of participating in the discussion about and adjustment of those parts of industry by which they are most affected.

25. The schemes recommended in this report are intended not merely for the treatment of industrial problems when they have become acute, but also, and more especially, to prevent their becoming acute. We believe that regular meetings to discuss industrial questions, apart from and prior to any differences with regard to them that may have begun to cause friction, will materially reduce the number of occasions on which, in the view of either employers or employed, it is necessary to contemplate recourse to a stoppage of work.

26. We venture to hope that representative men in each industry, with pride in their calling and care for its place as a contributor to the national well-being, will come together in the manner here suggested and apply themselves to promoting industrial harmony and efficiency and removing the obstacles that have hitherto stood in the way.

We have the honor to be, sir,

Your obedient servants,

J. H. Whitley, *Chairman*; F. S. Button, Geo. J. Carter, S. J. Chapman, G. H. Cloughton, J. R. Clynes, J. A. Hobson, A. Susan Lawrence, J. J. Mallon, Thos. R. Ratcliffe-Ellis, Robt. Smillie, Allan M. Smith, Mona Wilson. H. J. Wilson, Arthur Greenwood, *Secretaries*.

MARCH 8, 1917.

APPENDIX

The following questions were addressed by the reconstruction committee to the subcommittee on the relations between employers and employed in order to make clear certain points which appeared to call for further elucidation. The answers given are subjoined.

Q. 1. *In what classes of industries does the interim report propose that industrial councils shall be established? What basis of classification has the subcommittee in view?*

A. 1. It has been suggested that, for the purpose of consider-

ing the establishment of industrial councils, or other bodies designed to assist in the improvement of relations between employers and employed, the various industries should be grouped into three classes—(a) industries in which organization on the part of employers and employed is sufficiently developed to render the councils representative; (b) industries in which either as regards employers and employed, or both, the degree of organization, though considerable, is less marked than in (a) and is insufficient to be regarded as representative; and (c) industries in which organization is so imperfect, either as regards employers or employed, or both, that no associations can be said adequately to represent those engaged in the trade.

It will be clear that an analysis of industries will show a number which are on the border lines between these groups, and special consideration will have to be given to such trades. So far as groups (a) and (c) are concerned, a fairly large number of trades can readily be assigned to them; group (b) is necessarily more indeterminate.

For trades in group (a) the committee have proposed the establishment of joint standing industrial councils in the several trades. In dealing with the various industries it may be necessary to consider specially the case of parts of industries in group (a) where organization is not fully developed.

Q. 2. *Is the machinery proposed intended to be in addition to or in substitution for existing machinery? Is it proposed that existing machinery should be superseded? By "existing machinery" is meant conciliation boards and all other organizations for joint conference and discussion between employers and employed.*

A. 2. In most organized trades there already exist joint bodies for particular purposes. It is not proposed that the industrial councils should necessarily disturb these existing bodies. A council would be free, if it chose and if the bodies concerned approved, to merge existing committees, etc., in the council or to link them with the council as subcommittees.

Q. 3. *Is it understood that membership of the councils is to be confined to representatives elected by employers' associations and trade unions? What is the view of the subcommittee regarding the entry of new organizations established after the councils have been set up?*

A. 3. It is intended that the councils should be composed only of representatives of trade unions and employers' associations, and that new organizations should be admitted only with the approval of the particular side of the council of which the organization would form a part.

Q. 4. (a) *Is it intended that decisions reached by the councils shall be binding upon the bodies comprising them? If so, is such binding effect to be conditional upon the consent of each employers' association or trade union affected?*

A. 4. (a) It is contemplated that agreements reached by industrial councils should (whilst not of course possessing the binding force of law) carry with them the same obligation of observance as exists in the case of other agreements between employers' associations and trade unions. A council being on its workmen's side based on the trade unions concerned in the industry, its powers or authority could only be such as the constituent trade unions freely agreed to.

Q. 4. (b) *In particular, is it intended that all pledges given either by the Government or employers for the restoration of trade-union rules and practices after the war shall be redeemed without qualification unless the particular trade union concerned agrees to alteration; or, on the contrary, that the industrial council shall have power to decide such questions by a majority vote of the workmen's representatives from all the trade unions in the industry?*

A. 4. (b) It is clearly intended that all pledges relating to the restoration of trade union rules shall be redeemed without qualification unless the particular trade union concerned agrees to alteration; and it is not intended that the council shall have power to decide such questions by a majority vote of the workmen's representatives from all the trade unions in the industry.

*(c) Comment of the Minister of Labor on Joint Standing Industrial Councils.*⁷³

To answer certain questions which have been raised regarding the purpose of establishing industrial councils, the Minister of Labor, under date of October 20, 1917, addressed the following letter to the leading employers' associations and trade unions, explaining in full the Government's view of the proposals of the report:

SIR: In July last a circular letter was addressed by the Ministry of Labor to all the principal employers' associations and trade unions asking for their views on the proposals made in the report

⁷³ Great Britain. Ministry of Labor. Industrial Reports. No. 1. Industrial councils. The Whitley Report, together with the letter of the Minister of Labor explaining the Government's view of its proposals. 1917. 19 pp. Reprinted in *Monthly Labor Review*, March, 1918.

of the Whitley committee on joint standing industrial councils, a further copy of which is inclosed. As a result of the replies which have been received from a large number of employers' organizations and trade unions generally favoring the adoption of those proposals, the War Cabinet have decided to adopt the report as part of the policy which they hope to see carried into effect in the field of industrial reconstruction.

In order that the precise effect of this decision may not be misunderstood, I desire to draw attention to one or two points which have been raised in the communications made to the ministry on the subject, and on which some misapprehension appears to exist in some quarters.

In the first place, fears have been expressed that the proposal to set up industrial councils indicates an intention to introduce an element of State interference, which has hitherto not existed in industry. This is not the case. The formation and constitution of the councils must be principally the work of the industries themselves. Although, for reasons which will be explained later, the Government is very anxious that such councils should be established in all the well organized industries with as little delay as possible, they fully realize that the success of the scheme must depend upon a general agreement among the various organizations within a given industry and a clearly expressed demand for the creation of a council. Moreover, when formed, the councils would be independent bodies, electing their own officers, and free to determine their own functions and procedure with reference to the peculiar needs of each trade. In fact, they would be autonomous bodies, and they would, in effect, make possible a larger degree of self-government in industry than exists to-day.

Secondly, the report has been interpreted as meaning that the general constitution which it suggests should be applied without modification to each industry. This is entirely contrary to the view of the Government on the matter. To any one with a knowledge of the diverse kinds of machinery already in operation and the varying geographical and industrial conditions which affect different industries, it will be obvious that no rigid scheme can be applied to all of them. Each industry must therefore adapt the proposals made in the report as may seem most suitable to its own needs. In some industries, for instance, it may be considered by both employers and employed that a system of works committees is unnecessary, owing to the perfection of the arrangements already in operation for dealing with the difficulties arising in particular works between the management and the trade union officials. In others works committees have done very valuable work where

they have been introduced and their extension on agreed lines deserves every encouragement. Again in industries which are largely based on district organizations it will probably be found desirable to assign more important functions to the district councils than would be the case in trades which are more completely centralized in national bodies. All these questions will have to be thrashed out by the industries themselves and settled in harmony with their particular needs.

Thirdly, it should be made clear that representation on the industrial councils is intended to be on the basis of existing organizations among employers and workmen concerned in each industry, although it will, of course, be open to the councils, when formed, to grant representation to any new bodies which may come into existence and which may be entitled to representation. The authority and consequently the usefulness of the councils will depend entirely on the extent to which they represent the different interests and enjoy the whole-hearted support of the existing organizations, and it is therefore desirable that representation should be determined on as broad a basis as possible.

Lastly, it has been suggested that the scheme is intended to promote compulsory arbitration. This is certainly not the case. Whatever agreements may be made for dealing with disputes must be left to the industry itself to frame, and their efficacy must depend upon the voluntary coöperation of the organizations concerned in carrying them out.

I should now like to explain some of the reasons which have made the Government anxious to see industrial councils established as soon as possible in the organized trades. The experience of the war has shown the need for frequent consultation between the Government and the chosen representatives of both employers and workmen on vital questions concerning those industries which have been most affected by war conditions. In some instances different Government departments have approached different organizations in the same industry, and in many cases the absence of joint representative bodies, which can speak for their industries as a whole and voice the joint opinion of employers and workmen, has been found to render negotiations much more difficult than they would otherwise have been. The case of the cotton trade, where the industry is being regulated during a very difficult time by a joint board of control, indicates how greatly the task of the State can be alleviated by a self-governing body capable of taking charge of the interests of the whole industry. The problems of the period of transition and reconstruction will not be less difficult than those which the war has

created, and the Government accordingly feel that the task of rebuilding the social and economic fabric on a broader and surer foundation will be rendered much easier if in the organized trades there exist representative bodies to which the various questions of difficulty can be referred for consideration and advice as they arise. There are a number of such questions on which the Government will need the united and considered opinion of each large industry, such as the demobilization of the forces, the resettlement of munition workers in civil industries, apprenticeship (especially where interrupted by war service), the training and employment of disabled soldiers, and the control of raw materials; and the more it is able to avail itself of such an opinion the more satisfactory and stable the solution of these questions is likely to be.

Further, it will be necessary in the national interest to insure a settlement of the more permanent questions which have caused differences between employers and employed in the past, on such a basis as to prevent the occurrence of disputes and of serious stoppages in the difficult period during which the problems just referred to will have to be solved. It is felt that this object can only be secured by the existence of permanent bodies on the lines suggested by the Whitley Report, which will be capable not merely of dealing with disputes when they arise, but of settling the big questions at issue so far as possible on such a basis as to prevent serious conflicts arising at all.

The above statement of the functions of the councils is not intended to be exhaustive, but only to indicate some of the more immediate questions which they will be called upon to deal with when set up. Their general objects are described in the words of the report as being "to offer to workpeople the means of attaining improved conditions of employment and a higher standard of comfort generally, and involve the enlistment of their active and continuous coöperation in the promotion of industry." Some further specific questions, which the councils might consider, were indicated by the committee in paragraph 16 of the report, and it will be for the councils themselves to determine what matters they shall deal with. Further, such councils would obviously be the suitable bodies to make representations to the Government as to legislation which they think would be of advantage to their industry.

In order, therefore, that the councils may be able to fulfill the duties which they will be asked to undertake, and that they may have the requisite status for doing so, the Government desire it to be understood that the councils will be recognized as the official

standing consultative committees to the Government on all future questions affecting the industries which they represent, and that they will be the normal channel through which the opinion and experience of an industry will be sought on all questions with which the industry is concerned. It will be seen, therefore, that it is intended that industrial councils should play a definite and permanent part in the economic life of the country, and the Government feel that they can rely on both employers and workmen to coöperate in order to make that part a worthy one.

I hope, therefore, that you will take this letter as a formal request to your organization on the part of the Government to consider the question of carrying out the recommendations of the report so far as they are applicable to your industry. The Ministry of Labor will be willing to give every assistance in its power in the establishment of industrial councils and will be glad to receive suggestions as to the way in which it can be given most effectively. In particular, it will be ready to assist in the convening of representative conferences to discuss the establishment of councils, to provide secretarial assistance, and to be represented, if desired, in a consultative capacity at the preliminary meetings. The Ministry will be glad to be kept informed of any progress made in the direction of forming councils. Although the scheme is only intended, and indeed can only be applied, in trades which are well organized on both sides, I would point out that it rests with those trades which do not at present possess a sufficient organization to bring it about if they desire to apply it to themselves.

In conclusion, I would again emphasize the pressing need for the representative organizations of employers and workpeople to come together in the organized trades and to prepare themselves for the problems of reconstruction by forming councils competent to deal with them. The Government trust that they will approach these problems not as two opposing forces each bent on getting as much and giving as little as can be contrived, but as forces having a common interest in working together for the welfare of their industry, not merely for the sake of those concerned in it, but also for the sake of the Nation, which depends so largely on its industries for its well-being. If the spirit which has enabled all classes to overcome by willing coöperation the innumerable dangers and difficulties which have beset us during the war is applied to the problems of reconstruction, I am convinced that they can be solved in a way which will lay the foundation of the

future prosperity of the country and of those engaged in its great industries.

I am, sir, your obedient servant,

GEO. H. ROBERTS.

(d) Second Report on Joint Standing Industrial Councils.⁷⁴

The Second Report on Joint Standing Industrial Councils, which has been prepared by the Committee on Relations between Employers and Employed, deals especially with industries in which organization on the part of employers and employed is less completely established than in the industries covered by the first interim report and with industries in which such organization is weak or nonexistent.

For convenience of consideration the committee have divided the industries of the country into three groups:

Group A.—Consisting of industries in which organization on the part of employers and employed is sufficiently developed to render their respective associations representative of the great majority of those engaged in the industry.

Group B.—Comprising those industries in which, either as regards employers and employed, or both, the degree of organization, though considerable, is less marked than in Group A.

Group C.—Consisting of industries in which organization is so imperfect, either as regards employers or employed, or both, that no associations can be said adequately to represent those engaged in the industry.

In the more highly organized industries (Group A) the committee have, in their first report, proposed a triple organization of national, district, and workshop bodies. In industries where there are representative associations of employers and employed, which, however, do not possess the authority of those in Group A industries, they now propose that the triple organization should be modified by attaching to each National Industrial Council one or two representatives of the Ministry of Labor to act in an advisory capacity. In industries in both Groups A and B they propose that unorganized areas or branches of an industry should be provided with trade boards for such areas or branches, the trade

⁷⁴From the *Labour Gazette* of the Ministry of Labor, Great Britain, March, 1918; reprinted in the *Monthly Labor Review*, Washington, May, 1918.

boards being linked with the industrial council. In industries having no adequate organization of employers or employed, it is recommended that trade boards should be established, and that these should be enabled to formulate a scheme for an industrial council.

Briefly, the proposals are that the extent of State assistance should vary inversely with the degree of organization in industries. The committee do not, however, regard Government assistance as an alternative to the organization of employers and employed. On the contrary, they regard it as a means of furthering the growth and development of such organization.

The proposals which are set forth do not require legislation except on three points, namely, to provide (1) that the trade boards shall have power, in addition to determining minimum rates of wages, to deal with hours of labor and questions cognate to wages and hours; (2) that the trade boards shall have power to initiate inquiries and make proposals to the Government departments concerned on matters affecting the industrial conditions of the trade, as well as on questions of general interest to the industries concerned respectively; (3) that when an industrial council sufficiently representative of an industry makes application, the Minister of Labor shall have power to make an order instituting for a section of the industry a trade board on which the industrial council shall be represented, or constituting the council a trade board under the Trade Boards Act.

The proposals must necessarily be adapted to meet the varying needs and circumstances of different industries, and there will hardly be uniformity in practice. The recommendations are intended merely to set forth the main line of development believed to be essential to insure better relations between employers and employed. The application of the recommendations to the several industries can be safely left to those intimately concerned with the conviction that the flexibility and adaptability of industrial organizations which have been so large a factor in enabling industry to stand the enormous strain of the war will not fail the country when peace returns.

(e) *Workshop Committees*.⁷⁵ The Committee on "Relations between Employers and Employed" (the Whitley Committee) of the Ministry of Reconstruction have presented a supplementary report on "works committees"—that is, joint committees of employers and employed in each factory, workshop, or coal

⁷⁵ From *British Board of Trade Journal*, Mar. 21, 1918, p. 342.

pit, the formation of which was advocated in the first Whitley Report.

It is pointed out that in every industry there are certain questions, such as rates of wages and hours of work, which should be settled by district or national agreement. With any matter so settled, no works committee should interfere. But there are also many questions affecting daily life and comfort, the success of the business, and the efficiency of working which are peculiar to each individual workshop or factory. The purpose of a works committee is to establish and maintain a system of friendly coöperation and discussion between employers and employed on all these matters.

"The success of works committees would be very seriously interfered with if the idea existed that they were used or were likely to be used by employers in opposition to trade unionism. It is strongly felt that the setting up of works committees without the coöperation of the trade unions and the employers' associations in the trade would stand in the way of the improved industrial relationships which in these Reports we are trying to further."

"Works committees should have regular meetings, at fixed times, as a general rule not less frequently than once a fortnight. They should always keep in the forefront the idea of constructive coöperation in the improvement of the industry to which they belong. Suggestions of all kinds tending to improvement should be frankly welcomed and freely discussed. There is an undeveloped asset of constructive ability—valuable alike to the industry and to the State—awaiting the means of realization. Problems, old and new, will find their solution in a frank partnership of knowledge, experience and good will. Works committees would fail in their main purpose if they existed only to smooth over grievances."

"The successful development and utilization of works committees in any business on the basis recommended in this report is of equal importance with its commercial and scientific efficiency. In every case one of the partners or directors, or some other responsible representative of the management, would be well advised to devote a substantial part of his time and thought to the good working and development of such a committee."

(f) *Final Report of the Whitley Committee*.⁷⁶ "We wish to reaffirm our conviction expressed in the first report of the urgency of the matter. In our opinion there is pressing need that every organized industry should equip itself with a representative machinery capable of dealing with the large questions of common interest to employers and employed arising in war time, during demobilization, and in the period after the war.

"Further, we believe that when the joint councils have gained confidence and experience in dealing with the urgent problems of the moment they will find their sphere of usefulness to be much wider than they themselves imagined at their first inception. Similarly, works committees, beginning perhaps with limited functions, will, we anticipate, without in any way trenching upon matters appropriate to the industrial councils, find a continual growth in the list of questions appertaining to the individual factory or workshop that can be dealt with by mutual agreement.

"We have purposely refrained from making proposals in detail with regard to the constitution of the councils and committees, or the scope of their functions, because we are convinced that this can only be done satisfactorily by the people engaged in an industry and familiar with all its circumstances."

(g) *Joint Standing Councils Established*. There were in October, 1918, eleven trades in which Joint Standing Councils of Employers and Employees were established, including the pottery industry, the first to adopt the plan, and the building trades, the heavy chemicals industry, the match makers, bakers, and vehicle builders, and the rubber goods, furniture, and china clay industries.⁷⁷

The pottery industry has issued a statement on the objects of the council, as follows:

Objects of the Council.⁷⁸ The advancement of the pottery industry and of all connected with it by the association in its government of all engaged in the industry.

It will be open to the council to take any action that falls within the scope of its general object. Its chief work will, however, fall under the following heads:

⁷⁶ *Journal of Commerce*, New York, Oct. 5, 1918.

⁷⁷ *Labour Gazette*, London, October, 1918.

⁷⁸ *Labour Gazette*, London, February, 1918, p. 49, also reprinted in the *Monthly Review* of the Bureau of Labor Statistics, April, 1918.

(a) The consideration of means whereby all manufacturers and operatives shall be brought within their respective associations.

(b) Regular consideration of wages, piecework prices, and conditions, with a view to establishing and maintaining equitable conditions throughout the industry.

(c) To assist the respective associations in the maintenance of such selling prices as will afford a reasonable remuneration to both employers and employed.

(d) The consideration and settlement of all disputes between different parties in the industry which it may not have been possible to settle by the existing machinery, and the establishment of machinery for dealing with disputes where adequate machinery does not exist.

(e) The regularization of production and employment as a means of insuring to the workpeople the greatest possible security of earnings.

(f) Improvement in conditions with a view to removing all danger to health in the industry.

(g) The study of processes, the encouragement of research, and the full utilization of their results.

(h) The provision of facilities for the full consideration and utilization of inventions and improvements designed by workpeople and for the adequate safeguarding of the rights of the designs of such improvements.

(i) Education in all its branches for the industry.

(j) The collection of full statistics on wages, making and selling prices, and average percentages of profits on turnover, and on materials, markets, costs, etc., and the study and promotion of scientific and practical systems of costing to this end.

All statistics shall, where necessary, be verified by chartered accountants, who shall make a statutory declaration as to secrecy prior to any investigation, and no particulars of individual firms or operatives shall be disclosed to any one.

(k) Inquiries into problems of the industry, and where desirable, the publication of reports.

(l) Representation of the needs and opinions of the industry to Government authorities, central and local, and to the community generally.

(h) *Report on Conciliation and Arbitration, August, 1918.* The Whitley Committee also reported on the methods of conciliation and arbitration, in conjunction with the working of the Joint Standing Councils. Extracts from the report follow:

*Report on Conciliation and Arbitration.*¹⁹ We believe that the recommendations made in our earlier reports for the establishment of industrial councils will provide facilities for full and free discussion of matters affecting the several industries and so improve the relations between employers and employed. We have thought it necessary, however, to give some attention to the cases in which the parties may desire voluntarily to refer some difference that has arisen to arbitration or conciliation. But it must be understood that we do not intend to express any views on the extent to which disputes can be equitably or satisfactorily settled in this way. As regards arbitration, our sole concern in this report is with the question of the machinery to be provided when it is the expressed wish of both parties, for any reason, to have recourse to it.

2. We are opposed to any system of compulsory arbitration; there is no reason to believe that such a system is generally desired by employers and employed, and, in the absence of such general acceptance, it is obvious that its imposition would lead to unrest. The experience of compulsory arbitration during the war has shown that it is not a successful method of avoiding strikes, and in normal times it would undoubtedly prove even less successful. Disputes can only be avoided by agreement between employers and workers and by giving to the latter the greater measure of interest in the industry advocated in our former reports; but agreement may naturally include the decision of both parties to refer any specified matter or matters to arbitration, whether this decision is reached before or after a dispute arises.

3. For the same reason we do not recommend any scheme relating to conciliation which compulsorily prevents strikes or lockouts pending inquiry. But it is obviously possible and desirable that in some instances arrangements should be voluntarily made in organized trades for holding an inquiry before recourse to extreme measures; and we suggest that the Ministry of Labor should be authorized to hold a full inquiry when satisfied that it was desirable, without prejudice to the power of the disputing parties to declare a strike or lockout before or during the progress of the inquiry.

4. It is important that it should be clearly understood that we do not contemplate the imposition of an elaborate system of

¹⁹ Great Britain. Ministry of Reconstruction. Committee on relations between employers and employed. Report on conciliation and arbitration. London, 1918. 5 pp. Cd. 9081, reprinted in the *Monthly Labor Review*, August, 1918.

conciliation and arbitration upon industry, in place of the present well-recognized voluntary conciliation and arbitration machinery which exists in so many of the important trades of the country. On the contrary, we desire to emphasize the advisability of a continuance, as far as possible, of the present system whereby industries make their own agreements and settle their differences themselves.

5. The extent to which machinery for the conciliatory adjustment of disputes exists in the important trades of this country is one of the most marked features of its industrial organization, and the valuable work that has been done by the numerous conciliation and arbitration boards in the past has rendered it possible for the State to remain very much in the background. There seems no reason to suppose that after the war these boards will not continue to work effectively, and it may be (especially in so far as they may become merged in or correlated with the joint industrial councils, whose establishment the committee have recommended) that they will achieve an even larger degree of success in securing the settlement of points that may arise between employers and employed, when regular joint meetings, apart from any disputes, have been established, and their benefit experienced.

6. It is desirable, however, to consider the part that should be taken by the State in the event of those directly concerned in industry being unable to adjust their differences themselves. The interest of the community may require that there should be an unbiased and independent examination of the facts and circumstances connected with any dispute between employers and employed.

The committee indorse the view that there should be means by which an independent inquiry may be made into the facts and circumstances of a dispute and an authoritative pronouncement made thereon, although this does not carry with it any compulsory power of delaying strikes or lockouts.

10. As arbitrations affecting the same trade or section of trades may recur, there are advantages to both employers and work-people in knowing that the tribunal to which they submit any differences which they may have failed themselves to settle is one to which previous differences have been submitted and which therefore has become to some extent familiar with the conditions of the trade.

11. For these reasons it would appear desirable that there should be a standing arbitration council to which differences of general principles and differences affecting whole industries or

large sections of industries may be referred in cases where the parties have failed to come to an agreement through their ordinary procedure and wish to refer the differences to arbitration.

Such tribunal should include in its membership persons who have practical experience and knowledge of industry and who are acquainted with the respective standpoints of employers and workpeople.

12. There are, however, certain administrative difficulties connected with the utilization of tribunals of three or more persons, particularly where the parties desire that their case should be heard locally, and where the matter is one of relatively small importance, and it is desirable that suitable persons should be available to act as single arbitrators where the parties agree to submit their case to a single arbitrator. Persons possessing experience of industrial conditions and acquainted with industrial and workshop life, including representatives of labor, would seem the most likely to command the respect and confidence of the parties. It will be obvious that the efficiency of an arbitrator, provided that he possesses the right personal qualifications, increases with practice and the study of the conditions with which he has to deal.

13. The question whether, and if so, by what means, awards of single arbitrators should be coördinated with the more general awards of the standing arbitration council is one to be considered, as there are important reasons why the several awards should not conflict.

The experience which has been gained of the various forms of arbitration tribunals suggests that there are great advantages to all parties in facilitating coördination of decisions. Conflicting decisions given by different tribunals are bound to cause dissatisfaction to one or the other party. With the object of avoiding such conflict as much as possible it is of paramount importance that the department charged with the appointment of arbitrators should be in a position to insure that the several arbitrators should have opportunities of interchanging views and experiences. The means to insure reasonable coördination should be provided through the secretariat of the standing arbitration council. The awards and decisions of that council would be circulated among the single arbitrators, who would thus be kept in touch with the more general and comprehensive cases.

14. In order that there might be the requisite differentiation between questions of general importance or principle and questions of comparatively less importance, the department responsible for referring cases of arbitration should pass all cases to the

secretariat of the standing arbitration council. The secretariat should include a highly trained staff with experience of industry and knowledge of arbitration work so that proper differentiation would be made between the various cases and, subject to the concurrence of the parties, the several cases referred to the form of tribunal most competent to deal with them to the satisfaction of those concerned.

15. The question whether awards and agreements should be made enforceable by means of monetary or other penalties was examined exhaustively by the industrial council in an inquiry commenced in 1912, and the committee concur generally in the views expressed in the report made by the council in 1913 to the effect that, while it is to the interests of both employers and work-people and the community generally that industrial agreements should be duly fulfilled, in the long run this object is more likely to be secured by an increased regard for moral obligation, respect for an instructed public opinion, and reliance on the principles of mutual consent rather than by the establishment of a system of monetary penalties.

16. Our conclusions, therefore, are that (a) whilst we are opposed to any system of compulsory arbitration, we are in favor of an extension of voluntary machinery for the adjustment of disputes. Where the parties are unable to adjust their differences we think that there should be means by which an independent inquiry may be made into the facts and circumstances of a dispute, and an authoritative pronouncement made thereon, though we do not think that there should be any compulsory power of delaying strikes and lockouts; (b) we further recommend that there should be established a standing arbitration council for cases where the parties wish to refer any dispute to arbitration, though it is desirable that suitable single arbitrators should be available where the parties so desire.

(Signed by) J. H. Whitley, *Chairman*; F. S. Button, S. J. Chapman, G. H. Cloughton, J. R. Clynes, F. N. Hepworth, Wilfrid Hill, J. A. Hobson, A. Susan Lawrence, Maurice Levy, J. J. Mallon, Thos. R. Ratcliffe-Ellis, Allan M. Smith, D. R. H. Williams, Mona Wilson. H. J. Wilson, A. Greenwood, *Secretaries*.

31st JANUARY, 1918.

*Social Reconstruction Program of the British Labor Party.*⁸⁰

The report on the general policy of the British Labor Party on "Reconstruction" was prepared by a subcommittee of the party. It was submitted by the executive to the annual conference at Nottingham, with a view to its being referred to the constituent organizations for discussion and eventual submission to the next party conference.

Labor and the New Social Order—A Draft Report on Reconstruction

It behooves the Labor Party, in formulating its own program for reconstruction after the war and in criticizing the various preparations and plans that are being made by the present Government, to look at the problem as a whole. We have to make clear what it is that we wish to construct. It is important to emphasize the fact that, whatever may be the case with regard to other political parties, our detailed practical proposals proceed from definitely held principles.

The End of a Civilization. We need to beware of patchwork. The view of the Labor Party is that what has to be reconstructed after the war is not this or that Government department, or this or that piece of social machinery; but, so far as Britain is concerned, society itself. The individual worker, or for that matter the individual statesman, immersed in daily routine—like the individual soldier in a battle—easily fails to understand the magnitude and far-reaching importance of what is taking place around him. How does it fit together as a whole? How does it look from a distance? Count Okuma, one of the oldest, most experienced, and ablest of the statesmen of Japan, watching the present conflict from the other side of the globe, declares it to be nothing less than the death of European civilization. Just as in the past the civilization of Babylon, Egypt, Greece, Carthage, and the great Roman empire have been successively destroyed, so, in the judgment of this detached observer, the civilization of all Europe is even now receiving its death blow. We of the Labor Party can so far agree in this estimate as to recognize, in the present world catastrophe, if not the death, in Europe, of civilization itself, at any rate the culmination and collapse of a distinctive industrial civilization, which the workers will not seek to recon-

⁸⁰ *Monthly Labor Review*, Washington, April, 1918, and *New Republic Supplement*, Feb. 16, 1918.

struct. At such times of crisis it is easier to slip into ruin than to progress into higher forms of organization. That is the problem as it presents itself to the Labor Party to-day.

What this war is consuming is not merely the security, the homes, the livelihood, and the lives of millions of innocent families, and an enormous proportion of all the accumulated wealth of the world, but also the very basis of the peculiar social order in which it has arisen. The individualist system of capitalist production, based on the private ownership and competitive administration of land and capital, with its reckless "profiteering" and wage slavery; with its glorification of the unhampered struggle for the means of life and its hypocritical pretense of the "survival of the fittest"; with the monstrous inequality of circumstances which it produces and the degradation and brutalization, both moral and spiritual, resulting therefrom, may, we hope, indeed have received a death blow. With it must go the political system and ideas in which it naturally found expression. We of the Labor Party, whether in opposition or in due time called upon to form an administration, will certainly lend no hand to its revival. On the contrary, we shall do our utmost to see that it is buried with the millions whom it has done to death. If we in Britain are to escape from the decay of civilization itself, which the Japanese statesman foresees, we must insure that what is presently to be built up is a new social order, based not on fighting, but on fraternity—not on the competitive struggle for the means of bare life, but on a deliberately planned coöperation in production and distribution for the benefit of all who participate by hand or by brain—not on the utmost possible inequality of riches, but on a systematic approach toward a healthy equality of material circumstances for every person born into the world—not on an enforced dominion over subject nations, subject races, subject colonies, subject classes, or a subject sex, but, in industry as well as in Government, on that equal freedom, that general consciousness of consent, and that widest possible participation in power, both economic and political, which is characteristic of democracy. We do not, of course, pretend that it is possible, even after the drastic clearing away that is now going on, to build society anew in a year or two of feverish "reconstruction." What the Labor Party intends to satisfy itself about is that each brick that it helps to lay shall go to erect the structure that it intends, and no other.

The Pillars of the House. We need not here recapitulate, one by one, the different items in the Labor Party's program, which successive party conferences have adopted. These proposals, some

of them in various publications worked out in practical detail, are often carelessly derided as impracticable, even by the politicians who steal them piecemeal from us! The members of the Labor Party, themselves actually working by hand or by brain, in close contact with the facts, have perhaps at all times a more accurate appreciation of what is practicable, in industry as in politics, than those who depend solely on academic instruction or are biased by great possessions. But to-day no man dares to say that anything is impracticable. The war, which has scared the old political parties right out of their dogmas, has taught every statesman and every Government official, to his enduring surprise, how very much more can be done along the lines that we have laid down than he had ever before thought possible. What we now promulgate as our policy, whether for opposition or for office, is not merely this or that specific reform, but a deliberately thought out, systematic, and comprehensive plan for that immediate social rebuilding which any ministry, whether or not it desires to grapple with the problem, will be driven to undertake. The four pillars of the house that we propose to erect, resting upon the common foundation of the democratic control of society in all its activities, may be termed, respectively:

- (a) The universal enforcement of the national minimum;
- (b) The democratic control of industry;
- (c) The revolution in national finance; and
- (d) The surplus wealth for the common good.

The various detailed proposals of the Labor Party, herein briefly summarized, rest on these four pillars, and can best be appreciated in connection with them.

(a) *The Universal Enforcement of a National Minimum.* The first principle of the Labor Party—in significant contrast with those of the capitalist system, whether expressed by the Liberal or by the Conservative Party—is the securing to every member of the community, in good times and bad alike (and not only to the strong and able, the well born or the fortunate), of all the requisites of healthy life and worthy citizenship. This is in no sense a “class” proposal. Such an amount of social protection of the individual, however poor and lowly, from birth to death, is, as the economist now knows, as indispensable to fruitful coöperation as it is to successful combination; and it affords the only complete safeguard against that insidious degradation of the standard of life which is the worst economic and social calamity to which any community can be subjected. We are members one of another. No man liveth to himself alone. If any, even the humblest, is made to suffer, the whole community and every one of us, whether or not

we recognize the fact, is thereby injured. Generation after generation this has been the corner-stone of the faith of labor. It will be the guiding principle of any labor government.

The Legislative Regulation of Employment. Thus it is that the Labor Party to-day stands for the universal application of the policy of the national minimum, to which (as embodied in the successive elaborations of the factory, mines, railways, shops, merchant shipping, and truck acts, the public health, housing, and education acts, and the minimum-wage act—all of them aiming at the enforcement of at least the prescribed minimum of leisure, health, education, and subsistence) the spokesmen of labor have already gained the support of the enlightened statesmen and economists of the world. All these laws purporting to protect against extreme degradation of the standard of life need considerable improvement and extension, whilst their administration leaves much to be desired. For instance, the workmen's compensation act fails, shamefully, not merely to secure proper provision for all the victims of accident and industrial disease, but, what is much more important, does not succeed in preventing their continual increase. The amendment and consolidation of the factories and workshops acts, with their extension to all employed persons, is long overdue, and it will be the policy of labor greatly to strengthen the staff of inspectors, especially by the addition of more men and women of actual experience of the workshop and the mine. The coal mines (minimum wage) act must certainly be maintained in force and suitably amended, so as both to insure greater uniformity of conditions among the several districts and to make the district minimum in all cases an effective reality. The same policy will, in the interests of the agricultural laborers, dictate the perpetuation of the legal wage clauses of the new corn law just passed for a term of five years, and the prompt amendment of any defects that may be revealed in their working. And, in view of the fact that many millions of wage-earners, notably women and the less skilled workmen in various occupations, are unable by combination to obtain wages adequate for decent maintenance in health, the Labor Party intends to see to it that the trade boards act is suitably amended and made to apply to all industrial employments in which any considerable number of those employed obtain less than 30 shillings per week. This minimum of not less than 30 shillings per week (which will need revision according to the level of prices) ought to be the very lowest statutory base line for the least skilled adult workers, men or women, in any occupation, in all parts of the United Kingdom.

The Organization of Demobilization. But the coming industrial

dislocation, which will inevitably follow the discharge from war service of half of all the working population, imposes new obligations upon the community. The demobilization and discharge of the 8,000,000 wage-earners now being paid from the public funds, either for service with the colors or in munition work and other war trades, will bring to the whole wage-earning class grave peril of unemployment, reduction of wages, and a lasting degradation of the standard of life, which can be prevented only by deliberate national organization. The Labor Party has repeatedly called upon the present Government to formulate its plan, and to make in advance all arrangements necessary for coping with so unparalleled a dislocation. The policy to which the Labor Party commits itself is unhesitating and uncompromising. It is plain that regard should be had, in stopping Government orders, reducing the staff of the national factories, and demobilizing the army, to the actual state of employment in particular industries and in different districts, so as both to release first the kinds of labor most urgently required for the revival of peace production and to prevent any congestion of the market. It is no less imperative that suitable provision against being turned suddenly adrift without resources should be made, not only for the soldiers, but also for the 3,000,000 operatives in munition work and other war trades, who will be discharged long before most of the army can be disbanded. On this important point, which is the most urgent of all, the present Government has, we believe, down to the present hour, formulated no plan and come to no decision, and neither the Liberal nor the Conservative Party has apparently deemed the matter worthy of agitation. Any Government which should allow the discharged soldier or munition worker to fall into the clutches of charity or the poor law would have to be instantly driven from office by an outburst of popular indignation. What every one of them who is not wholly disabled will look for is a situation in accordance with his capacity.

Securing Employment for All. The Labor Party insists—as no other political party has thought fit to do—that the obligation to find suitable employment in productive work for all these men and women rests upon the Government for the time being. The work of resettling the disbanded soldiers and discharged munition workers into new situations is a national obligation, and the Labor Party emphatically protests against it being regarded as a matter for private charity. It strongly objects to this public duty being handed over either to committees of philanthropists or benevolent societies, or to any of the military or recruiting authorities. The policy of the Labor Party in this matter is to make the utmost use

of the trade unions, and, equally for the brainworkers, of the various professional associations. In view of the fact that, in any trade, the best organization for placing men in situations is a national trade union having local branches throughout the kingdom, every soldier should be allowed, if he chooses, to have a duplicate of his industrial discharge notice sent, one month before the date fixed for his discharge, to the secretary of the trade union to which he belongs or wishes to belong. Apart from this use of the trade union (and a corresponding use of the professional association) the Government must, of course, avail itself of some such public machinery as that of the employment exchanges; but before the existing exchanges (which will need to be greatly extended) can receive the coöperation and support of the organized labor movement, without which their operations can never be fully successful, it is imperative that they should be drastically reformed, on the lines laid down in the demobilization report of the "labor after the war" joint committee; and, in particular, that each exchange should be placed effectually under the supervision and control of a joint committee of employers and trade unionists in equal numbers.

The responsibility of the Government, for the time being, in the grave industrial crisis that demobilization will produce, goes, however, far beyond the 8,000,000 men and women whom the various departments will suddenly discharge from their own service. The effect of this peremptory discharge on all the other workers has also to be taken into account. To the Labor Party it will seem the supreme concern of the Government of the day to see to it that there shall be, as a result of the gigantic "general post" which it will itself have deliberately set going, nowhere any degradation of the standard of life. The Government has pledged itself to restore the trade union conditions and "pre-war practices" of the workshop, which the trade unions patriotically gave up at the direct request of the Government itself; and this solemn pledge must be fulfilled, of course, in the spirit as well as in the letter. The Labor Party, moreover, holds it to be the duty of the Government of the day to take all necessary steps to prevent the standard rates of wages, in any trade or occupation whatsoever, from suffering any reduction, relatively to the contemporary cost of living. Unfortunately, the present Government, like the Liberal and Conservative Parties, so far refuses to speak on this important matter with any clear voice. We claim that it should be a cardinal point of Government policy to make it plain to every capitalist employer that any attempt to reduce the customary rates of wages when peace comes, or to take advantage of the

dislocation of demobilization to worsen the conditions of employment in any grade whatsoever, will certainly lead to embittered industrial strife, which will be in the highest degree detrimental to the national interests; and that the Government of the day will not hesitate to take all necessary steps to avert such a calamity. In the great impending crisis the Government of the day should not only, as the greatest employer of both brain workers and manual workers, set a good example in this respect, but should also actively seek to influence private employers by proclaiming in advance that it will not itself attempt to lower the standard rates of conditions in public employment; by announcing that it will insist on the most rigorous observance of the fair-wages clause in all public contracts; and by explicitly recommending every local authority to adopt the same policy.

But nothing is more dangerous to the standard of life or so destructive of those minimum conditions of healthy existence which must in the interests of the community be assured to every worker than any widespread or continued unemployment. It has always been a fundamental principle of the Labor Party (a point on which, significantly enough, it has not been followed by either of the other political parties) that, in a modern industrial community, it is one of the foremost obligations of the Government to find, for every willing worker, whether by hand or by brain, productive work at standard rates.

It is accordingly the duty of the Government to adopt a policy of deliberately and systematically preventing the occurrence of unemployment, instead of (as heretofore) letting unemployment occur, and then seeking, vainly and expensively, to relieve the unemployed. It is now known that the Government can, if it chooses, arrange the public works and the orders of national departments and local authorities in such a way as to maintain the aggregate demand for labor in the whole kingdom (including that of capitalist employers) approximately at a uniform level from year to year; and it is therefore a primary obligation of the Government to prevent any considerable or widespread fluctuations in the total numbers employed in times of good or bad trade. But this is not all. In order to prepare for the possibility of there being any unemployment, either in the course of demobilization or in the first years of peace, it is essential that the Government should make all necessary preparations for putting instantly in hand, directly or through the local authorities, such urgently needed public works as (a) the rehousing of the population alike in rural districts, mining villages, and town slums, to the extent, possibly, of a million new cottages and an outlay of three hundred

millions sterling; (b) the immediate making good of the shortage of schools, training colleges, technical colleges, etc., and the engagement of the necessary additional teaching, clerical, and administrative staffs; (c) new roads; (d) light railways; (e) the unification and reorganization of the railway and canal system; (f) afforestation; (g) the reclamation of land; (h) the development and better equipment of our ports and harbors; (i) the opening up of access to land by coöperative small holdings and in other practicable ways. Moreover, in order to relieve any pressure of an overstocked labor market, the opportunity should be taken, if unemployment should threaten to become widespread, (a) immediately to raise the school-leaving age to 16; (b) greatly to increase the number of scholarships and bursaries for secondary and higher education; and (c) substantially to shorten the hours of labor of all young persons, even to a greater extent than the eight hours per week contemplated in the new education bill, in order to enable them to attend technical and other classes in the daytime. Finally, wherever practicable, the hours of adult labor should be reduced to not more than 48 per week, without reduction of the standard rates of wages. There can be no economic or other justification for keeping any man or woman at work for long hours, or at overtime, whilst others are unemployed.

Social Insurance Against Unemployment. In so far as the Government fails to prevent unemployment—whenever it finds it impossible to discover for any willing worker, man or woman, a suitable situation at the standard rate—the Labor Party holds that the Government must, in the interest of the community as a whole, provide him or her with adequate maintenance, either with such arrangements for honorable employment or with such useful training as may be found practicable, according to age, health, and previous occupation. In many ways the best form of provision for those who must be unemployed, because the industrial organization of the community so far breaks down as to be temporarily unable to set them to work, is the out-of-work benefit afforded by a well administered trade union. This is a special tax on the trade unionists themselves which they have voluntarily undertaken but toward which they have a right to claim a public subvention—a subvention which was actually granted by Parliament (though only to the extent of a couple of shillings or so per week) under Part II of the insurance act. The arbitrary withdrawal by the Government in 1915 of this statutory right of the trade unions was one of the least excusable of the war economies; and the Labor Party must insist on the resumption of this subvention immediately the war ceases, and on its increase to at least half the

amount spent in out-of-work benefit. The extension of State unemployment insurance to other occupations may afford a convenient method of providing for such of the unemployed, especially in the case of badly paid women workers and the less skilled men, whom it is difficult to organize into trade unions. But the weekly rate of the State unemployment benefit needs, in these days of high prices, to be considerably raised; whilst no industry ought to be compulsorily brought within its scope against the declared will of the workers concerned, and especially of their trade unions. In one way or another remunerative employment or honorable maintenance must be found for every willing worker, by hand or by brain, in bad times as well as in good. It is clear that, in the twentieth century, there must be no question of driving the unemployed to anything so obsolete and discredited as either private charity, with its haphazard and ill-considered doles, or the poor law, with the futilities and barbarities of its "stone yard," or its "able-bodied test workhouse." Only on the basis of a universal application of the policy of the national minimum, affording complete security against destitution, in sickness and health, in good times and bad alike, to every member of the community, of whatever age or sex, can any worthy social order be built up.

(b) *The Democratic Control of Industries.* The universal application of the policy of the national minimum is, of course, only the first of the pillars of the house that the Labor Party intends to see built. What marks off this party most distinctly from any of the other political parties is its demand for the full and genuine adoption of the principle of democracy. The first condition of democracy is effective personal freedom. This has suffered so many encroachments during the war that it is necessary to state with clearness that the complete removal of all the war-time restrictions on freedom of speech, freedom of publication, freedom of the press, freedom of travel, and freedom of choice of place of residence and kind of employment must take place the day after peace is declared. The Labor Party declares emphatically against any continuance of the military service acts a moment longer than the imperative requirements of the war excuse. But individual freedom is of little use without complete political rights. The Labor Party sees its repeated demands largely conceded in the present representation of the people act, but not yet wholly satisfied. The party stands, as heretofore, for complete adult suffrage, with not more than a three months' residential qualification, for effective provision for absent electors to vote, for absolutely equal rights for both sexes, for the same free-

dom to exercise civic rights for the "common soldier" as for the officer, for shorter Parliaments, for the complete abolition of the House of Lords, and for a most strenuous opposition to any new second chamber, whether elected or not, having in it any element of heredity or privilege, or of the control of the House of Commons by any party or class. But unlike the Conservative and Liberal Parties, the Labor Party insists on democracy in industry as well as in government. It demands the progressive elimination from the control of industry of the private capitalist, individual or joint-stock; and the setting free of all who work, whether by hand or by brain, for the service of the community, and of the community only. And the Labor Party refuses absolutely to believe that the British people will permanently tolerate any reconstruction or perpetuation of the disorganization, waste, and inefficiency involved in the abandonment of British industry to a jostling crowd of separate private employers, with their minds bent not on the service of the community but—by the very law of their being—only on the utmost possible profiteering. What the Nation needs is undoubtedly a great bound onward in its aggregate productivity. But this can not be secured merely by pressing the manual workers to more strenuous toil, or even by encouraging the "captains of industry" to a less wasteful organization of their several enterprises on a profit-making basis. What the Labor Party looks to is a genuinely scientific reorganization of the Nation's industry, no longer deflected by individual profiteering, on the basis of the common ownership of the means of production; the equitable sharing of the proceeds among all who participate in any capacity and only among these, and the adoption, in particular services and occupations, of those systems and methods of administration and control that may be found in practice best to promote not profiteering, but the public interest.

Immediate Nationalization. The Labor Party stands not merely for the principle of the common ownership of the Nation's land, to be applied as suitable opportunities occur, but also, specifically, for the immediate nationalization of railways, mines, and the production of electrical power. We hold that the very foundation of any successful reorganization of British industry must necessarily be found in the provision of the utmost facilities for transport and communication, the production of power at the cheapest possible rate, and the most economical supply of both electrical energy and coal to every corner of the Kingdom. Hence the Labor Party stands unhesitatingly for the national ownership and administration of the railways and canals, and their union, along with harbors and roads and the posts and telegraphs—not to say

also the great lines of steamers which could at once be owned, if not immediately directly managed in detail, by the Government—in a united national service of communication and transport, to be worked, unhampered by capitalist, private, or purely local interests (and with a steadily increasing participation of the organized workers in the management, both central and local), exclusively for the common good. If any government should be so misguided as to propose, when peace comes, to hand the railways back to the shareholders, or should show itself so spendthrift of the Nation's property as to give these shareholders any enlarged franchise by presenting them with the economies of unification or the profits of increased railway rates, or so extravagant as to bestow public funds on the reëquipment of privately owned lines—all of which things are now being privately intrigued for by the railway interests—the Labor Party will offer any such project the most strenuous opposition. The railways and canals, like the roads, must henceforth belong to the public, and to the public alone.

In the production of electricity, for cheap power, light, and heating, this country has so far failed, because of hampering private interests, to take advantage of science. Even in the largest cities we still "peddle" our electricity on a contemptibly small scale. What is called for, immediately after the war, is the erection of a score of gigantic "super-power stations," which could generate, at incredibly cheap rates, enough electricity for the use of every industrial establishment and every private household in Great Britain, the present municipal and joint-stock electrical plants being universally linked up and used for local distribution. This is inevitably the future of electricity. It is plain that so great and so powerful an enterprise, affecting every industrial enterprise and eventually every household, must not be allowed to pass into the hands of private capitalists. They are already pressing the Government for the concession, and neither the Liberal nor the Conservative Party has yet made up its mind to a refusal of such a new endowment of profiteering in what will presently be the life blood of modern productive industry. The Labor Party demands that the production of electricity on the necessary gigantic scale shall be made from the start (with suitable arrangements for municipal coöperation in local distribution) a national enterprise, to be worked exclusively with the object of supplying the whole Kingdom with the cheapest possible power, light, and heat.

But with railways and the generation of electricity in the hands of the public it would be criminal folly to leave to the present

1,500 colliery companies the power of "holding up" the coal supply. These are now all working under public control, on terms that virtually afford to their shareholders a statutory guaranty of their swollen incomes. The Labor Party demands the immediate nationalization of mines, the extraction of coal and iron being worked as a public service (with a steadily increasing participation in the management, both central and local, of the various grades of persons employed), and the whole business of the retail distribution of household coal being undertaken as a local public service by the elected municipal or county councils. And there is no reason why coal should fluctuate in price any more than railway fares, or why the consumer should be made to pay more in winter than in summer, or in one town than another. What the Labor Party would aim at is, for household coal of standard quality, a fixed and uniform price for the whole Kingdom, payable by rich and poor alike, as unalterable as the penny postage stamp.

But the sphere of immediate nationalization is not restricted to these great industries. We shall never succeed in putting the gigantic system of health insurance on a proper footing, or secure a clear field for the beneficent work of the friendly societies, or gain a free hand for the necessary development of the urgently called for ministry of health and the local public-health service, until the nation expropriates the profit-making industrial insurance companies which now so tyrannously exploit the people with their wasteful house-to-house industrial life insurance. Only by such an expropriation of life-assurance companies can we secure the universal provision, free from the burdensome toll of weekly pence, of the indispensable funeral benefit. Nor is it in any sense a "class" measure. Only by the assumption by a state department of the whole business of life assurance can the millions of policyholders of all classes be completely protected against the possibly calamitous results of the depreciation of securities and suspension of bonuses which the war is causing. Only by this means can the great staff of insurance agents find their proper place as civil servants, with equitable conditions of employment, compensation for any disturbance and security of tenure, in a nationally organized public service for the discharge of the steadily increasing functions of the Government in vital statistics and social insurance.

In quite another sphere the Labor Party sees the key to temperance reform in taking the entire manufacture and retailing of alcoholic drink out of the hands of those who find profit in promoting the utmost possible consumption. This is essentially a

case in which the people, as a whole, must assert its right to full and unfettered power for dealing with the licensing question in accordance with local opinion. For this purpose, localities should have conferred upon them facilities (a) to prohibit the sale of liquor within their boundaries, (b) to reduce the number of licenses and regulate the conditions under which they may be held, and (c) if a locality decides that licenses are to be granted, to determine whether such licenses shall be under private or any form of public control.

Municipalization. Other main industries, especially those now becoming monopolized, should be nationalized as opportunity offers. Moreover, the Labor Party holds that the municipalities should not confine their activities to the necessarily costly services of education, sanitation, and police; nor yet rest content with acquiring control of the local water, gas, electricity, and tramways; but that every facility should be afforded to them to acquire (easily, quickly, and cheaply) all the land they require and to extend their enterprises in housing and town planning, parks, and public libraries, the provision of music and the organization of recreation; and also to undertake, besides the retailing of coal, other services of common utility, particularly the local supply of milk, wherever this is not already fully and satisfactorily organized by a coöperative society.

Control of Capitalist Industry. Meanwhile, however, we ought not to throw away the valuable experience now gained by the Government in its assumption of the importation of wheat, wool, metals, and other commodities, and in its control of the shipping, woollen, leather, clothing, boot and shoe, milling, baking, butchering, and other industries. The Labor Party holds that, whatever may have been the shortcomings of this Government importation and control, it has demonstrably prevented a lot of "profiteering." Nor can it end immediately on the declaration of peace. The people will be extremely foolish if they ever allow their indispensable industries to slip back into the unfettered control of private capitalists, who are, actually at the instance of the Government itself, now rapidly combining, trade by trade, into monopolist trusts, which may presently become as ruthless in their extortion as the worst American examples. Standing as it does for the democratic control of industry, the Labor Party would think twice before it sanctioned any abandonment of the present profitable centralization of purchase of raw material; of the present carefully organized "rationing," by joint committees of the trades concerned, of the several establishments with the materials they require; of the present elaborate system of "costing" and public audit of manu-

facturers' accounts so as to stop the waste heretofore caused by the mechanical inefficiency of the more backward firms; of the present salutary publicity of manufacturing processes and expenses thereby insured; and, on the information thus obtained (in order never again to revert to the old-time profiteering), of the present rigid fixing, for standardized products, of maximum prices at the factory, at the warehouse of the wholesale trader, and in the retail shop. This question of the retail prices of household commodities is emphatically the most practical of all political issues to the woman elector. The male politicians have too long neglected the grievances of the small household, which is the prey of every profiteering combination; and neither the Liberal nor the Conservative Party promises in this respect any amendment. This, too, is in no sense a "class" measure. It is, so the Labor Party holds, just as much the function of government and just as necessary a part of the democratic regulation of industry to safeguard the interests of the community as a whole and those of all grades and sections of private consumers in the matter of prices as it is, by the factory and trade boards acts, to protect the rights of the wage-earning producers in the matter of wages, hours of labor, and sanitation.

(c) *A Revolution in National Finance.* In taxation, also, the interests of the professional and housekeeping classes are at one with those of the manual workers. Too long has our national finance been regulated, contrary to the teaching of political economy, according to the wishes of the possessing classes and the profits of the financiers. The colossal expenditure involved in the present war (of which, against the protest of the Labor Party, only a quarter has been raised by taxation, whilst three-quarters have been borrowed at onerous rates of interest, to be a burden on the Nation's future) brings things to a crisis. When peace comes, capital will be needed for all sorts of social enterprises, and the resources of Government will necessarily have to be vastly greater than they were before the war. Meanwhile innumerable new private fortunes are being heaped up by those who have taken advantage of the Nation's needs; and the one-tenth of the population which owns nine-tenths of the riches of the United Kingdom, far from being made poorer, will find itself, in the aggregate, as a result of the war, drawing in rent and interest and dividends a larger nominal income than ever before. Such a position demands a revolution in national finance. How are we to discharge a public debt that may well reach the almost incredible figure of 7,000 million pounds sterling and at the same time raise an annual revenue which, for local as well as central

government, must probably reach 1,000 millions a year? It is over this problem of taxation that the various political parties will be found to be most sharply divided.

The Labor Party stands for such a system of taxation as will yield all the necessary revenue to the Government without encroaching on the prescribed national minimum standard of life of any family whatsoever; without hampering production or discouraging any useful personal effort, and with the nearest possible approximation to equality of sacrifice. We definitely repudiate all proposals for a protective tariff, in whatever specious guise they may be cloaked, as a device for burdening the consumer with unnecessarily enhanced prices, to the profit of the capitalist employer or landed proprietor, who avowedly expects his profit or rent to be increased thereby. We shall strenuously oppose any taxation, of whatever kind, which would increase the price of food or of any other necessary of life. We hold that indirect taxation on commodities, whether by customs or excise, should be strictly limited to luxuries and concentrated principally on those of which it is socially desirable that the consumption should be actually discouraged. We are at one with the manufacturer, the farmer, and the trader in objecting to taxes interfering with production or commerce, or hampering transport and communications. In all these matters—once more in contrast with the other political parties, and by no means in the interests of the wage earners alone—the Labor Party demands that the very definite teachings of economic science should no longer be disregarded.

For the raising of the greater part of the revenue now required the Labor Party looks to the direct taxation of the incomes above the necessary cost of family maintenance; and for the requisite effort to pay off the national debt, to the direct taxation of private fortunes, both during life and at death. The income tax and supertax ought at once to be thoroughly reformed in assessment and collection, in abatements and allowances, and in graduation and differentiation, so as to levy the required total sum in such a way as to make the real sacrifice of all the taxpayers as nearly as possible equal. This would involve assessment by families instead of by individual persons, so that the burden is alleviated in proportion to the number of persons to be maintained. It would involve the raising of the present unduly low minimum income assessable to the tax and the lightening of the present unfair burden on the great mass of professional and small trading classes by a new scale of graduation, rising from a penny in the pound on the smallest assessable income up to 16 or even 19 shillings

in the pound on the highest income of the millionaires. It would involve bringing into assessment the numerous windfalls of profit that now escape, and a further differentiation between essentially different kinds of income. The excess-profits tax might well be retained in an appropriate form; whilst so long as mining royalties exist the mineral-rights duty ought to be increased. The steadily rising unearned increment of urban and mineral land ought, by an appropriate direct taxation of land values, to be wholly brought into the public exchequer. At the same time, for the service and redemption of the national debt, the death duties ought to be regraduated, much more strictly collected, and greatly increased. In this matter we need, in fact, completely to reverse our point of view and to rearrange the whole taxation of inheritance from the standpoint of asking what is the maximum amount that any rich man should be permitted at death to divert by his will from the national exchequer, which should normally be the heir to all private riches in excess of a quite moderate amount by way of family provision. But all this will not suffice. It will be imperative at the earliest possible moment to free the Nation from at any rate the greater part of its new load of interest-bearing debt for loans which ought to have been levied as taxation; and the Labor Party stands for a special capital levy to pay off, if not the whole, a very substantial part of the entire national debt—a capital levy chargeable like the death duties on all property, but (in order to secure approximate equality of sacrifice) with exemption of the smallest savings, and for the rest at rates very steeply graduated, so as to take only a small contribution from the little people and a very much larger percentage from the millionaires.

Over this issue of how the financial burden of the war is to be borne and how the necessary revenue is to be raised, the greatest political battles will be fought. In this matter the Labor Party claims the support of four-fifths of the whole Nation, for the interests of the clerk, the teacher, the doctor, the minister of religion, the average retail shopkeeper and trader, and all the mass of those living on small incomes are identical with those of the artisan. The landlords, the financial magnates, the possessors of great fortunes will not, as a class, willingly forego the relative immunity that they have hitherto enjoyed. The present unfair subjection of the coöperative society to an excess-profits tax on the "profits" which it has never made—specially dangerous as "the thin end of the wedge" of penal taxation of this laudable form of democratic enterprise—will not be abandoned without a struggle. Every possible effort will be made to juggle with the taxes so as to place

upon the shoulders of the mass of laboring folk and upon the struggling households of the professional men and small traders (as was done after every previous war)—whether by customs or excise duties, by industrial monopolies, by unnecessarily high rates of postage and railway fares, or by a thousand and one other ingenious devices—an unfair share of the national burden. Against these efforts the Labor Party will take the firmest stand.

(*d*) *The Surplus for the Common Good.* In the disposal of the surplus above the standard of life society has hitherto gone as far wrong as in its neglect to secure the necessary basis of any genuine industrial efficiency or decent social order. We have allowed the riches of our mines, the rental value of the lands superior to the margin of cultivation, the extra profits of the fortunate capitalists, even the material outcome of scientific discoveries—which ought by now to have made this Britain of ours immune from class poverty or from any widespread destitution—to be absorbed by individual proprietors and then devoted very largely to the senseless luxury of an idle rich class. Against this misappropriation of the wealth of the community, the Labor Party—speaking in the interests not of the wage-earners alone, but of every grade and section of producers by hand or by brain, not to mention also those of the generations that are to succeed us, and of the permanent welfare of the community—emphatically protests. One main pillar of the house that the Labor Party intends to build is the future appropriation of the surplus, not to the enlargement of any individual fortune, but to the common good. It is from this constantly arising surplus (to be secured, on the one hand, by nationalization and municipalization and, on the other, by the steeply graduated taxation of private income and riches) that will have to be found the new capital which the community day by day needs for the perpetual improvement and increase of its various enterprises, for which we shall decline to be dependent on the usury-exacting financiers. It is from the same source that has to be defrayed the public provision for the sick and infirm of all kinds (including that for maternity and infancy), which is still so scandalously insufficient; for the aged and those prematurely incapacitated by accident or disease, now in many ways so imperfectly cared for; for the education alike of children, of adolescents, and of adults, in which the Labor Party demands a genuine equality of opportunity, overcoming all differences of material circumstances; and for the organization of public improvements of all kinds, including the brightening of the lives of those now condemned to almost ceaseless toil, and a great development of the means of recreation. From the same source

must come the greatly increased public provision that the Labor Party will insist on being made for scientific investigation and original research, in every branch of knowledge, not to say also for the promotion of music, literature, and fine art, which have been under capitalism so greatly neglected and upon which, so the Labor Party holds, any real development of civilization fundamentally depends. Society, like the individual, does not live by bread alone—does not exist only for perpetual wealth production. It is in the proposal for this appropriation of every surplus for the common good—in the vision of its resolute use for the building up of the community as a whole instead of for the magnification of individual fortunes—that the Labor Party, as the party of the producers by hand or by brain, most distinctively marks itself off from the older political parties, standing, as these do, essentially for the maintenance, unimpaired, of the perpetual private mortgage upon the annual product of the Nation that is involved in the individual ownership of land and capital.

The Street of To-morrow. The house which the Labor Party intends to build, the four pillars of which have now been described, does not stand alone in the world. Where will it be in the street of to-morrow? If we repudiate, on the one hand, the imperialism that seeks to dominate other races or to impose our own will on other parts of the British Empire, so we disclaim equally any conception of a selfish and insular "noninterventionism," unregarding of our special obligations to our fellow citizens overseas; of the corporate duties of one nation to another; of the moral claims upon us of the nonadult races, and of our own indebtedness to the world of which we are part. We look for an ever-increasing intercourse, a constantly developing exchange of commodities, a steadily growing mutual understanding, and a continually expanding friendly coöperation among all the peoples of the world. With regard to that great commonwealth of all races, all colors, all religions, and all degrees of civilization that we call the British Empire, the Labor Party stands for its maintenance and its progressive development on the lines of local autonomy and "Home Rule All Round"; the fullest respect for the rights of each people, whatever its color, to all the democratic self-government of which it is capable, and to the proceeds of its own toil upon the resources of its own territorial home; and the closest possible coöperation among all the various members of what has become essentially not an empire in the old sense, but a Britannic alliance. We desire to maintain the most intimate relations with the Labor parties overseas. Like them, we have no sympathy with the projects of "imperial federation," in so far

as these imply the subjection to a common imperial legislature wielding coercive power (including dangerous facilities for coercive imperial taxation and for enforced military service) either of the existing self-governing dominions, whose autonomy would be thereby invaded, or of the United Kingdom, whose freedom of democratic self-development would be thereby hampered; or of India and the colonial dependencies, which would thereby run the risk of being further exploited for the benefit of a "white empire." We do not intend, by any such "imperial senate," either to bring the plutocracy of Canada and South Africa to the aid of the British aristocracy, or to enable the landlords and financiers of the mother country to unite in controlling the growing popular democracies overseas. The absolute autonomy of each self-governing part of the Empire must be maintained intact. What we look for, besides a constant progress in democratic self-government of every part of the Britannic alliance, and especially in India, is a continuous participation of the ministers of the dominions, of India, and eventually of other dependencies (perhaps by means of their own ministers specially resident in London for this purpose) in the most confidential deliberations of the cabinet, so far as foreign policy and imperial affairs are concerned; and the annual assembly of an imperial council, representing all constituents of the Britannic alliance and all parties in their local legislatures, which should discuss all matters of common interest, but only in order to make recommendations for the simultaneous consideration of the various autonomous local legislatures of what should increasingly take the constitutional form of an alliance of free nations. And we carry the idea further. As regards our relations to foreign countries, we disavow and disclaim any desire or intention to dispossess or to impoverish any other state or nation. We seek no increase of territory. We disclaim all idea of "economic war." We ourselves object to all protective customs tariffs; but we hold that each nation must be left free to do what it thinks best for its own economic development, without thought of injuring others. We believe that nations are in no way damaged by each other's economic prosperity or commercial progress; but, on the contrary, that they are actually themselves mutually enriched thereby. We would therefore put an end to the old entanglements and mystifications of secret diplomacy and the formation of leagues against leagues. We stand for the immediate establishment, actually as a part of the treaty of peace with which the present war will end, of a universal league or society of nations, a supernational authority, with an international high court to try all justiciable issues between

nations; an international legislature to enact such common laws as can be mutually agreed upon, and an international council of mediation to endeavor to settle without ultimate conflict even those disputes which are not justiciable. We would have all the nations of the world most solemnly undertake and promise to make common cause against any one of them that broke away from this fundamental agreement. The world has suffered too much from war for the Labor Party to have any other policy than that of lasting peace.

More Light—but also More Warmth. The Labor Party is far from assuming that it possesses a key to open all locks; or that any policy which it can formulate will solve all the problems that beset us. But we deem it important to ourselves as well as to those who may, on the one hand, wish to join the party, or, on the other, to take up arms against it, to make quite clear and definite our aim and purpose. The Labor Party wants that aim and purpose, as set forth in the preceding pages, with all its might. It calls for more warmth in politics, for much less apathetic acquiescence in the miseries that exist, for none of the cynicism that saps the life of leisure. On the other hand, the Labor Party has no belief in any of the problems of the world being solved by good will alone. Good will without knowledge is warmth without light. Especially in all the complexities of politics, in the still undeveloped science of society, the Labor Party stands for increased study, for the scientific investigation of each succeeding problem, for the deliberate organization of research, and for a much more rapid dissemination among the whole people of all the science that exists. And it is perhaps specially the Labor party that has the duty of placing this advancement of science in the forefront of its political program. What the Labor Party stands for in all fields of life is, essentially, democratic coöperation; and coöperation involves a common purpose which can be agreed to, a common plan which can be explained and discussed, and such a measure of success in the adaptation of means to ends as will insure a common satisfaction. An autocratic sultan may govern without science, if his whim is law. A plutocratic party may choose to ignore science, if it is heedless whether its pretended solutions of social problems that may win political triumphs ultimately succeed or fail.

But no Labor Party can hope to maintain its position unless the proposals are, in fact, the outcome of the best political science of its time; or to fulfill its purpose unless that science is continually wresting new fields from human ignorance. Hence, although the purpose of the Labor Party must, by the law of its

being, remain for all time unchanged, its policy and its program will, we hope, undergo a perpetual development as knowledge grows and as new phases of the social problem present themselves in a continually finer adjustment of our measures to our ends. If law is the mother of freedom, science, to the Labor Party, must be the parent of law.

*List of British Subcommittees on Reconstruction*⁸¹

The British Ministry of Reconstruction has listed the commissions and committees that have been set up, both within that ministry and within other ministries and departments of the British Government, to deal with questions which will arise at the close of the war. These commissions and committees, which have been appointed at different times since the war began, now number 87 and fall into 15 groups:

I. Trade Development, under which grouping are five committees dealing with general aspects and nine dealing with specific phases of the situation.

II. Finance, with two committees.

III. Raw Materials, with six committees.

IV. Coal and Power, with two committees and four subcommittees.

V. Intelligence, with two committees.

VI. Scientific and Industrial Research, with two research boards, five standing committees, seven research committees, four inquiry committees, and three provisional organization committees.

VII. Demobilization and Disposal of Stores, with eight committees.

VIII. Labor and Employment, with two committees.

IX. Agriculture and Forestry, with four committees.

X. Public Administration, with six committees.

XI. Housing, with four committees.

XII. Education, with eight committees and commissions.

XIII. Aliens, with two committees.

XIV. Legal, with three committees.

XV. Miscellaneous, with three committees.

⁸¹ *Commerce Reports*, Mar. 6, 1918. This was published as a report to Parliament and reprinted.

A summary of the duties of these commissions and committees and the name of the ministry or other Government department under which these bodies function are given herewith.

I. *Development of Trade*

Commercial and Industrial Policy Committee. (The Prime Minister.)—To consider the commercial and industrial policy to be adopted after the war, with special reference to the conclusions reached at the Economic Conference of the Allies and to the following questions: (a) What industries are essential to the future safety of the Nation, and what steps should be taken to maintain or establish them? (b) What steps should be taken to recover home and foreign trade lost during the war, and to secure new markets? (c) To what extent and by what means the resources of the Empire should and can be developed? (d) To what extent and by what means the sources of supply within the Empire can be prevented from falling under foreign control?

Dominions Royal Commission.—To inquire and report upon (a) the natural resources of the five self-governing Dominions, and the best means of developing these resources; (b) the trade of these parts of the Empire with the United Kingdom, each other, and the rest of the world; (c) their requirements and those of the United Kingdom in the matter of food and raw materials, together with the available sources of supply; and to make recommendations and suggest methods consistent with existing fiscal policy, by which the trade of each of the self-governing Dominions with the others and with the United Kingdom could be improved and extended.

Industrial Development Commission. (Government of India.)—To examine and report upon the possibilities of further industrial development in India, and to submit its recommendations with special reference to the following questions: (a) Whether new openings for the profitable employment of Indian capital in commerce and industry can be indicated. (b) Whether, and, if so, in what manner, the Government can usefully give direct encouragement to industrial development (1) by rendering technical advice more freely available, (2) by the demonstration of the practical possibility on a commercial scale of particular industries, (3) by affording, directly or indirectly, financial assistance to industrial enterprises, or (4) by any other means which are not incompatible with the existing fiscal policy of the Government of India.

Belgian Trade Committee. (Foreign Office and Board of Trade.)—(1) To inquire into all matters relative to trade between the British Empire and Belgium, with a view to increasing and developing that trade by every desirable means.

(2) To investigate, as far as possible, all means to be adopted in order to attain the object set out in paragraph 1. The committee will examine into the supplies and requirements of the respective countries (in so far as they have relation to its scope) and give advice as to how trade between them can be best established, developed, and increased. It will obtain information and evidence from all available sources and endeavor to render all possible assistance in regard to shipping, manufactures, imports and exports, and trade generally between the Empire and Kingdom.

(3) The committee will consist of three representatives appointed by the Foreign Office and three representatives appointed by the Board of Trade. A chairman and secretary will be chosen from their number. The committee shall have power to add to its numbers by the appointment of such persons of experience in the matters with which it has to deal as it may think expedient, and it will also consult from time to time other representatives of commerce having special knowledge of Belgian trade, shipping, and finance.

(4) It is particularly laid down that the purpose of this committee shall be a general one, and that it shall not be part of its duties to foster the advancement of the trade of any particular individual or firm, nor to devote its assistance to any special branch of trade or industry except in relation to the general principles for which it is established.

Trade Relations after the War Committee. (Board of Trade.)—To investigate the general questions of trade relations after the war with a view to the successful promotion of British trade, and also with the object of devising measures for the prevention of the effective resumption of Germany's policy of peaceful penetration.

Committee on the Chemical Trades. (Ministry of Reconstruction.)—To advise as to the procedure which should be adopted for dealing with the position of the chemical trades after the war, with a view to the creation of some organization which should be adequately representative of the trade as a whole and by means of which the trade may be enabled hereafter to continue to develop its own resources and to enlist the closest coöperation of all those engaged in the chemical industry.

Engineering Trades (New Industries) Committee. (*Ministry of Reconstruction.*)—To compile a list of the articles suitable for manufacture by those with engineering trade experience or plant, which were either not made in the United Kingdom before the war, but were imported, or were made in the United Kingdom in small or insufficient quantities, and for which there is likely to be a considerable demand after the war, classified as to whether they are capable of being made by (1) women, (2) men and women, or (3) skilled men; and setting out the industries to which such new manufacturers would most suitably be attached; and to make recommendations (a) on the establishment and development of such industries by the transfer of labor, machines, and otherwise; (b) as to how such a transfer could be made, and what organization would be requisite for the purpose, with due regard to securing the coöperation of labor.

Board of Trade Committees on the Coal, Electrical, Engineering, Iron and Steel, Nonferrous Metal, and Textile Trades, and on the Shipping and Shipbuilding Industries.—To consider the position of these trades and industries after the war, with special reference to international competition, and to report what measures, if any, are necessary or desirable to safeguard that position.

II. Finance

Financial Facilities Committee. (*Treasury and Ministry of Reconstruction.*)—To consider and report whether the normal arrangements for the provision of financial facilities for trade by means of existing banking and other financial institutions will be adequate to meet the needs of British industry during the period immediately following the termination of the war, and, if not, by what emergency arrangements they should be supplemented, regard being had in particular to the special assistance which may be necessary (a) to facilitate the conversion of works and factories now engaged upon war work to normal production; (b) to meet the exceptional demands for raw materials arising from the depletion of stocks.

Enemy Debts Committee. (*Foreign Office.*)—To report on the arrangements to be adopted for the liquidation of the commercial, banking, and other financial transactions between British and enemy persons, the completion of which was prevented by the outbreak of war, and for this purpose to consider the returns made to the Custodians of Enemy Property and to the Public Trustee and the Foreign Claims Office, and any information on matters relating thereto.

III. *Raw Materials*

Central Committee on Materials Supply. (*Ministry of Reconstruction.*)—To consider and report upon (1) the nature and amount of the supplies of materials and foodstuffs which, in the committee's opinion, will be required by the United Kingdom during the period which will elapse between the termination of the war and the restoration of a normal condition of trade; (2) the probable requirements of India, the Dominions, and Crown Colonies for such supplies at the close of hostilities; (3) the probable requirements of belligerents and neutrals for such supplies at the close of hostilities; (4) the sources from which and the conditions under which such supplies can be obtained and transported, and, in particular, the extent to which they might be obtained from the United Kingdom or within the Empire or from allied or neutral countries; (5) the question whether any measure of control will require to be exercised in regard to the nature and extent of any such control.

Committee on the Supply of Building Materials. (*Ministry of Reconstruction.*)—(1) To inquire into the extent of the probable demand for building material for all purposes which will arise in this country during the transition period, and the extent of the available supply and form of such material. (2) To inquire how far the quantities of material now available are capable of increase, what are the difficulties in increasing them, and how these difficulties can be removed, and to report to what extent an increase in production will affect the price of the materials. (3) In the event of the supply of material or labor being insufficient to fulfill the total building demand, to consider the principles and method by which the priority of various claims should be settled, and to report what steps are necessary to insure that the manufacture of the materials, so far as they are at present inadequate, shall be extended in time to secure sufficient quantities for use when required on the cessation of hostilities, and to recommend what steps should be taken during the war to facilitate a prompt commencement of building work at that time. (4) Generally, to consider and report upon any conditions affecting the building trades which tend to cause unduly high prices, and to make recommendations in regard to any measure of control which it may be desirable to exercise over the purchase, production, transport, or distribution of materials.

Committee on Cotton-Growing within the Empire. (*Board of Trade.*)—To investigate the best means of developing the grow-

ing of cotton within the Empire and to advise the Government as to the necessary measures to be taken for this purpose.

Indian Cotton Committee. (Government of India.)—(1) To consider the work that has already been done toward the establishment of long-staple cottons. (2) To determine the measure of success achieved, or in the case of failure the reasons therefor, whether these are due to agricultural or economic causes or to administrative difficulties. (3) To carry out a detailed study of local conditions in each cotton-growing tract and to inquire into the methods of ginning and marketing. (4) To consider the possibility of developing long-staple cottons in India if sufficient funds and staff are devoted solely to that object and to submit recommendations as to the staff required and the organization necessary.

Committee on Edible and Oil-Producing Nuts and Seeds. (Colonial Office.)—To consider and report upon the present condition and the prospects of the West African trade in palm kernels and other edible and oil-producing nuts and seeds, and to make recommendations for the promotion in the United Kingdom of the industries dependent thereon.

Nitrogen Products Committee. (Ministry of Munitions.)—To consider the relative advantages for this country and for the Empire of the various methods for the fixation of atmospheric nitrogen from the point of view of both war and peace purposes, to ascertain their relative costs, and to advise on proposals relevant thereto which may be submitted to the department. (2) To examine into the supply of the raw materials required—e. g., pure nitrogen and hydrogen—and into the utilization of the by-products obtained. (3) Since some of the processes employed depend for their success on the provision of large supplies of cheap power, to ascertain where and how this can best be obtained. (4) To consider what steps can with advantage be taken to conserve and increase the national resources of nitrogen-bearing compounds and to limit their wastage. (5) To carry out the experimental work necessary to arrive at definite conclusions as to the practicability and efficiency of such processes as may appear to the committee to be of value. (6) As a result of the foregoing steps, to advise as to starting operations on an industrial scale.

IV. Coal and Power

Coal Conservation Committee. (Ministry of Reconstruction.)—To consider and advise (1) what improvements can be effected in the present methods of mining coal with a view to prevent loss

of coal in working and to minimize cost of production; (2) what improvements can be effected in the present methods of using coal for production of power, light, and heat and of recovering by-products with a view to insure the greatest possible economy in production and the most advantageous use of the coal substance; (3) whether, with a view to our maintaining our industrial and commercial position, it is desirable that any steps should be taken in the near future, and if so, what steps, to secure the development of new coal fields or extensions of coal fields already being worked.

Mining, Power Generation and Transmission, Carbonization, and Geological Sub-Committees.—The question of the application of carbonization to the preparation of fuel for industrial and commercial purposes.

Committee on Supply of Electricity. (Board of Trade.)—To consider and report what steps should be taken, whether by legislation or otherwise, to insure that there shall be an adequate and economical supply of electric power for all classes of consumers in the United Kingdom, particularly industries which depend upon a cheap supply of power for their development.

V. Intelligence

Committee on Colonial Blue Books. (Colonial Office.)—(1) To consider the recent correspondence with Sir W. Clark, of the Commercial Intelligence Department, arising out of inquiries from certain public bodies, and to report to what extent Blue Books and Blue Book Reports meet existing requirements, and whether any steps can be taken to improve or supplement them or make them more accessible. (2) To consider whether any steps should be taken in this country to furnish the Colonies, etc., with any kind of quid pro quo for their Blue Book Reports.

Imperial Mineral Resources Bureau Committee. (Ministry of Munitions.)—To prepare a scheme for the establishment in London of an Imperial Mineral Resources Bureau (a) to collect information in regard to the mineral resources and metal requirements of the Empire and (b) to advise what action, if any, may appear desirable to enable such resources to be developed and made available to meet requirements.

VI. Scientific and Industrial Research

The following 21 committees have been established by the Department of Scientific and Industrial Research:

Fuel Research Board.—To investigate the nature, preparation, and utilization of fuel of all kinds, both in the laboratory and, where necessary, on an industrial scale.

Cold Storage Research Board.—Appointed to organize and control research into problems of the preservation of food products by cold storage and otherwise.

Standing Committees on Engineering, Metallurgy, Mining, and Glass and Optical Instruments.—To advise the council on researches relating to the lines of activity named and on such matters as may be referred to the committee by the Advisory Council.

Joint Standing Committee on Illuminating Engineering.—To survey the field for research on illumination and illuminating engineering, and to advise as to the directions in which research can be undertaken with advantage.

Mine Rescue Apparatus Research Committee.—To inquire into the types of breathing apparatus used in coal mines, and by experiment to determine the advantages, limitations, and defects of the several types of apparatus, what improvements in them are possible, and whether it is advisable that the types used in mines should be standardized, and to collect evidence bearing on these points.

Abrasives and Polishing Powders Research Committee.—(1) To conduct investigations on abrasives and polishing powders with a view to their preparation and use as one factor in accelerating the output of lenses and prisms for optical instruments, not only for peace requirements, but in connection with the war. (2) To investigate the preparation and properties of abrasives and polishing powders.

Food Research Committee.—To direct research on problems in the cooking of vegetables and meat, and in bread making, to be undertaken by two scholars of the committee of council.

Building Materials Research Committee.—To make arrangements for carrying out researches on building construction instituted by the department at the instance of the Local Government Board Committee or otherwise, to be responsible under the council for the direction of such researches, and to deal with such other matters as may be referred to the committee from time to time by the council.

Electrical Research Committee.—A committee of direction appointed in connection with certain researches affecting the electrical industry.

Committee for Research on Vitreous Compounds and Cements for Lenses and Prisms.—To conduct researches into the prepara-

tion, properties, and mode of employment of cements for lenses and prisms; to prepare a reference list of vitreous compounds, their composition, densities, refractive indices, and dispersive powers.

Tin and Tungsten Research Board.—The Cornish Chamber of Mines has been invited to nominate a representative of the landlords and a representative of the mine owners to serve on the board. A committee of control appointed in connection with certain researches into tin and tungsten.

Lubricants and Lubrication Inquiry Committee.—To prepare a memorandum on the field for research on lubricants and lubrication, which will contain an analysis of the problems involved, together with a suggested scheme of research which would be most likely to lead to valuable results.

Chemistry of Lubricants Subcommittee.—To collect and review the existing information relating to the chemistry of lubricants and lubricating oils.

Zinc and Copper Research and Inquiry Committee.—To collect and review the existing information as to the copper and zinc industries upon which future research must be based, to formulate proposals for carrying out the research suggested by the Brass and Copper Tube Association of Great Britain into the best methods of making sound castings of copper and brass for tube making and to prepare an estimate of their cost; and to report to the Advisory Council.

Irish Peat Inquiry Committee.—To inquire into and consider the experience already gained in Ireland in respect of the winning, preparation, and use of peat for fuel, and for other purposes, and to suggest what means shall be taken to ascertain the conditions under which, in the most favorably situated localities, it can be profitably won, prepared, and used, having regard to the economic conditions of Ireland; and to report to the Fuel Research Board.

Provisional Committee on Research and Education for the Cotton Industry.—A committee appointed with a view to the organization of a Research Association for the Cotton Industry.

Provisional Committee on Research for the Wool and Worsted Industries.—A committee appointed with a view to the organization of a Research Association for the Wool and Worsted Industries.

Provisional Committee for the Internal Combustion Engine Industry.—A committee appointed with a view to the organization of a Research Association for the Internal Combustion Engine Industry.

VII. *Demobilization and Disposal of Stores*

Demobilization of the Army Committee.—To consider and report upon the arrangements for the return to civil employment of officers and men serving in the land forces of the Crown at the end of the war.

Officers' Resettlement Subcommittee.—To consider and report what arrangements require to be and can be made on demobilization for resettlement of officers in civil life, and also of men belonging to classes to which, in the main, officers belong.

Disabled Officers' Employment Committee. (*India and Colonial Offices.*)—To assist disabled or invalided officers who may be desirous of obtaining employment in India, Burma, the Eastern colonies, and Malay States.

War Office Demobilization Committee.—To consider questions requiring settlement in connection with the demobilization of the Army in so far as they fall within the province of the War Department; to act as a link with the committee of the Ministry of Reconstruction; and to prepare a draft scheme of demobilization.

Demobilization Coördination Committee. (*Admiralty, War Office, and Ministry of Labor.*)—(1) To consider how far the proposed special arrangements to demobilize, immediately peace is declared, men specially required in connection with the work of demobilization can or should be extended to other men belonging to the public services or to similar "pivotal" men in industry. (2) To coördinate the working of the demobilization scheme of the War Department with the resettlement scheme of the Ministry of Labor. (3) To settle, during demobilization, instructions with regard to priority which may appear to be rendered necessary on public grounds or by the sort of employment in the different industries.

Civil War Workers' Committee. (*Ministry of Reconstruction.*)—To consider and report upon the arrangements which should be made for the demobilization of workers engaged during the war in national factories, controlled establishments, and other plants engaged in the production of munitions of war and on Government contracts, or in plants where substitute labor has been employed for the duration of the war.

Horse Demobilization Committee. (*War Office.*)—To frame proposals for the demobilization of horses and mules in relation to the general scheme of demobilization.

Disposal of War Stores Advisory Board. (*Ministry of Reconstruction.*)—To expedite the preparation of any necessary inventories of property and goods of all descriptions held by

Government departments, and to consider and advise upon the disposal, or alternative form of use, of any property or goods which have or may become, during or on the termination of the war, surplus to the requirements of any department for the purposes of that department.

VIII. *Labor and Employment*

Committee on Relations between Employers and Employed. (Ministry of Reconstruction.)—(1) To make and consider suggestions for securing a permanent improvement in the relations between employers and workmen. (2) To recommend means for securing that industrial conditions affecting the relations between employers and workmen shall be systematically reviewed by those concerned, with a view to improving conditions in the future.

Women's Employment Committee. (Ministry of Reconstruction.)—To consider and advise in the light of experience gained during the war upon the opportunities for the employment of women, and the conditions of such employment, in clerical, commercial, agricultural, and industrial occupations after the war.

IX. *Agriculture and Forestry*

Agricultural Policy Committee. (Ministry of Reconstruction.)—Having regard to the need of increasing home-grown food supplies in the interest of national security, to consider and report upon the methods of effecting such increase.

Forestry Committee. (Ministry of Reconstruction.)—To consider and report upon the best means of conserving and developing the woodland and forestry resources of the United Kingdom, having regard to the experience gained during the war.

Land Settlement Committee. (Board of Agriculture.)—To explore the whole question of the provision made for ex-service men and to report what timely steps should be taken in readiness to meet the expected situation on demobilization. Also to consider and report upon (a) the extinction of tithe rent charge by exchange for a proportionate amount of land, (b) the taking over of glebe land and charity land on payment of agreed income.

Horse-Breeding Committee. (Board of Agriculture.)—To advise as to the distribution of surplus army mares after the war, the formation of a staff to assist and supervise light horse breeding, and other kindred matters.

X. *Public Administration*

Machinery of Government Committee. (*Ministry of Reconstruction.*)—To inquire into the responsibilities of the various departments of the central executive Government, and to advise in what manner the exercise and distribution by the Government of its functions should be improved.

Local Government Committee. (*Ministry of Reconstruction.*)—To consider and report upon the steps to be taken to secure the better coördination of public assistance in England and Wales, and upon such other matters affecting the system of local government as may from time to time be referred to it.

Committee on the Acquisition of Land for Public Purposes. (*Ministry of Reconstruction.*)—To consider and report upon the defects in the existing system of law and practice involved in the acquisition and valuation of land for public purposes, and to recommend any changes desirable in the public interest.

National Registration Committee. (*Local Government Board.*)—To consider (1) the question of the registration of the population for administrative and other national purposes, and (2) what changes, if any, are desirable in the system of registration of births, deaths, and marriages in England and Wales.

Committee on Road Locomotives and Heavy Motor Cars. (*Local Government Board.*)—To consider the law and regulations relating to the construction and use of road locomotives and heavy motor cars in Great Britain, and to report what amendments, if any, are desirable.

Dentists Act Committee. (*Privy Council.*)—To investigate the extent and gravity of the evils connected with the practice of dentistry and dental surgery by persons not qualified under the Dentists Act, and to consider and report upon (1) the causes of the present inadequate supply of qualified dentists and dental surgeons; (2) the expediency of legislation prohibiting in the United Kingdom the practice of dentistry and dental surgery by unqualified persons; and, in the event of such legislation being deemed expedient, the conditions under which certain classes of unqualified persons at present engaged in the practice of dentistry might be permitted to continue in practice, by the institution of a special roll for the purpose; (3) the practicability, without impairing the existing guaranties for the efficient practice of dentistry, of (a) modifying the course of study and examination prescribed for dental qualifications, (b) reducing the time occupied, and (c) diminishing the cost of training dental students.

XI. *Housing*

Local Government Board Conference on Housing.—To consider (1) methods of ascertaining the housing needs of each district; (2) the extent to which local authorities, public-utility societies, and private enterprise can be relied on to meet needs; (3) State assistance; (4) amendments in law with a view to facilitating building; and (5) definition of working classes.

Advisory Housing Panel. (Ministry of Reconstruction.)—Certain members of the Reconstruction Committee were invited by the Minister of Reconstruction to complete a general review, which they had undertaken on behalf of the committee, of the housing question as it would present itself at the close of the war, and to prepare a memorandum on the subject.

Committee on Building By-Laws. (Local Government Department.)—To consider the control at present exercised in England and Wales over the erection of buildings and the construction of streets, by means of by-laws and local regulations, and their effect upon building and development, and to make recommendations.

Housing (Building Construction) Committee. (Local Government Board.)—To consider questions of building construction in connection with the provision of dwellings for the working classes in England and Wales, and report upon methods of securing economy and dispatch in the provision of such dwellings.

XII. *Education*

Royal Commission on University Education in Wales.—To inquire into the organization and work of the University of Wales and its three constituent colleges, and into the relations of the University to those colleges and to other institutions in Wales providing education of a post-secondary nature, and to consider in what respects the present organization of university education in Wales can be improved and what changes, if any, are desirable in the constitution, functions, and powers of the University and its three colleges.

Adult Education Committee. (Ministry of Reconstruction.)—To consider the provision for and possibilities of adult education (other than technical or vocational) in Great Britain, and to make recommendations.

Committee on Juvenile Education in Relation to Employment After the War. (Board of Education.)—To consider what steps should be taken to make provision for the education and instruction of children and young persons after the war, regard being

had particularly to the interests of those (1) who have been abnormally employed during the war; (2) who can not immediately find advantageous employment; or (3) who require special training for employment.

Committee on the Teaching of Modern Languages. (The Prime Minister.)—To inquire into the position occupied by the study of modern languages in the educational systems of Great Britain, especially in secondary schools and universities, and to advise what measures are required to promote their study, regard being had to the requirements of a liberal education, including an appreciation of the history, literature, and civilization of other countries, and to the interest of commerce and public service.

Committee on the Teaching of Science. (The Prime Minister.)—To inquire into the position occupied by natural science in the educational systems of Great Britain, especially in secondary schools and universities, and to advise what measures are needed to promote its study, regard being had to the requirements of a liberal education, to the advancement of pure science, and to the interests of the trades, industries, and professions which particularly depend upon applied science.

Committee on Principles of Arrangements Determining Salaries of Teachers in Elementary Schools. (Board of Education.)—To inquire into the principles which should determine the construction of scales of salary for teachers in elementary schools, due regard being had to such differentiation, if any, in respect of locality, duties, qualifications, sex, and other relevant considerations as is consistent with or necessary for the organization of the teaching service throughout the country on a system conducive to the efficiency of national education.

Committee on Principles of Arrangements Determining Salaries of Teachers in Secondary, Technical, etc., Schools. (Board of Education.)—To inquire into the principles which should determine the fixing of salaries for teachers in secondary and technical schools, schools of art, training colleges, and other institutions for higher education (other than university institutions), due regard being had to such differentiation in respect of locality, duties, qualifications, sex, and other relevant considerations as is consistent with or necessary for the organization of the teaching service throughout the country on a system conducive to the efficiency of national education.

Juvenile Organizations Committee. (Home Office.)—To consider (1) what steps can be taken to attract boys and girls to become members of brigades and clubs; (2) the possibility of transferring a boy or girl from one organization to another when this

seems desirable; (3) the steps to be taken to prevent overlapping of work; (4) the strengthening of weaker units; (5) the difficulty of obtaining officers; (6) difficulties in securing the use of school premises as clubrooms or play centers, and other matters relating to the effectiveness of brigades and clubs.

XIII. *Aliens.*

Aliens Committee. (Ministry of Reconstruction.)—To consider (a) the questions which will arise at the end of the war in connection with the presence in this country of persons of an enemy nationality, and whether the repatriation of such is desirable, and if so, in what cases; (b) what restrictions, if any, should be imposed after the war on admission of aliens to this country and their residence here; (c) whether any changes in the law or practice of nationalization have been shown by the experience of the war to be required in the public interest.

Interdepartmental Conference on Missions in India.—To consider the conditions on which aliens should after the war be allowed to conduct missionary or educational work in India.

XIV. *Legal*

Committee on the Interpretation of the Term "Period of the War." (*The Attorney General.*)—(a) To inquire into the legal questions that may arise as to the determination of the date of the termination of the war for the purpose of the various acts, orders, and regulations the duration of which depends directly or indirectly upon the date; (b) to consider and advise upon the meaning of the form or forms of temporary commission and voluntary attestation in use in H. M. Forces since the beginning of the war, with a view to determining the rights of officers and men to release from H. M. Services at its termination, and to make any recommendations thereon which seem desirable; (c) to consider the effect of the termination of the war upon Government and private contracts, and whether any legislative or other steps are necessary to assist in determining questions likely to arise in this connection; (d) to consider the effect upon contracts of apprenticeship and other arrangements for learning a trade or profession entered into by officers and men now serving in H. M. Forces of (1) voluntary acceptance of a commission or enlistment, (2) compulsory service, and (3) the termination of the war, and to make any recommendations thereon which seem desirable, and to report thereon.

War Office Emergency Legislation Committee.—This committee was set up by the Army Council in July last to consider which (if any) of the Emergency Acts, and the regulations made thereunder, it may be necessary or advisable to continue in force after the termination of the war for the purpose of facilitating the process of demobilization and reconstruction.

Committee on Pre-War Contracts. (Board of Trade.)—To consider and report on the position of British manufacturers and merchants after the war in respect of contracts entered into by them prior to the war with persons or companies in the United Kingdom, or in allied or neutral countries, the fulfillment of which has been prevented or impeded by the war, and as to the measures, if any, which are necessary or desirable in this respect.

XV. Miscellaneous

Ministry of Munitions Committee on Reconstruction and Demobilization.—This committee has been appointed to deal with all matters within the Ministry relating to reconstruction and demobilization.

Empire Settlement Committee. (Colonial Office.)—(1) To consider and report on the measures to be taken for settling within the Empire ex-soldiers who may desire to emigrate after the war. (2) To collect and prepare for distribution to intending emigrants of this class information which shall show clearly the nature of any facilities afforded by the Government of the Dominions and States. (3) To advise as to the best methods of making this information accessible to the troops. (4) To make recommendations as to the steps which should be taken by His Majesty's Government, in concert with the governments of the States and Dominions, for the constitution of a central authority to supervise and assist such emigration.

Civil Aerial Transport Committee. (Air Ministry.)—To consider and report to the Air Board with regard to (1) the steps which should be taken with a view to the development and regulation, after the war, of aviation for civil and commercial purposes from a domestic and imperial and an international standpoint; (2) the extent to which it will be possible to utilize for this purpose the trained personnel and the aircraft which the conclusion of peace may leave surplus to the requirements of the naval and military air services of the United Kingdom and overseas dominions.

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III. GERMANY

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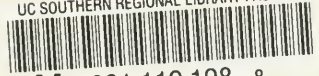
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